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**SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES**

KRISTY FIELDS, individually and on behalf
of all others similarly situated,

Plaintiff,

v.

COLOR STREET LLC; INCOCO PRODUCTS
LLC; INCOCO CAPITAL LLC; FA PARK;
BRIAN J. LEE; BRICK BERGESON; MATT
WARNER; and DOES 1–50, inclusive,

Defendants.

Case No.: **25STCV07668**

CLASS ACTION COMPLAINT

1. Failure to Pay Minimum Wage and Liquidated Damages (Cal. Lab. Code §§ 1182.12, 1194, 1197, 1197.1, 1198; IWC Wage Order 4-2001);
2. Failure to Pay Overtime Wages and Liquidated Damages (Cal. Lab. Code § 510; IWC Wage Order 4-2001);
3. Failure to Provide Rest Periods or Rest Break Premium Wages (Cal. Lab. Code §§ 226.7, 558.1);
4. Failure to Provide Meal Periods or Meal Premium Wages (Cal. Lab. Code §§ 226.7, 512(a), 1198; IWC Wage Order 4-2001);
5. Failure to Timely Pay Wages During Employment (Cal. Lab. Code § 204);
6. Failure to Keep Requisite Payroll Records (Cal. Lab. Code § 1174(d));
7. Failure to Provide Timely and Accurate Wage Statements (Cal. Lab. Code § 226(a), 226(e));
8. Failure to Reimburse Business Expenses (Cal. Lab. Code §§ 450, 2802; IWC Wage Order 4-2001);
9. Unfair Competition (Bus. & Prof. Code § 17200 et seq.)

JURY TRIAL DEMANDED

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Plaintiff KRISTY FIELDS brings this action, individually, and behalf of a class of similarly situated individuals, against COLOR STREET LLC; INCOCO PRODUCTS LLC; INCOCO CAPITAL LLC; FA PARK; BRIAN J. LEE; BRICK BERGESON; MATT WARNER; and DOES 1–50, inclusive, (collectively, “Defendants” or “Color Street”). Plaintiff’s allegations against Defendants are based upon investigation carried out by Plaintiff’s counsel, except for allegations pertaining specifically to Plaintiff, which are based upon Plaintiff’s personal knowledge.

I. INTRODUCTION

1. Color Street is a massively successful company that, for years, has exploited its California salesforce by misclassifying its workers as independent contractors rather than as employees. Plaintiff is a Color Street “Stylist”, one of the approximately 130,000¹ active sales workers in the United States who sell Color Street products through their online networks under Color Street’s strict direction and control. In exchange for Stylists’ work promoting the brand on social media, acquiring new customers, engaging existing customers, providing customer service, recruiting and training new Stylists, and driving traffic to Color Street’s website, Color Street pays them, at most, a paltry commission.

2. In 2017, Fa Park, the developer of dry nail polish strips, founded a direct sales company to sell his invention: Color Street. Headquartered in Clifton, New Jersey, Color Street develops and sells a wide range of nail polish strips, skincare, and cosmetics online. Pursuant to Color Street’s business model, it establishes relationships with various individuals known as “Stylists” who market and sell Color Street products. Color Street has spent a great deal of time and resources in implementing and managing a broad range of employment policies and procedures for these “Stylists.” Despite calling these salespeople “Stylists” but designating them independent contractors, these “Stylists” are in fact employees under California law. Color Street has violated numerous provisions of the California Labor Code and applicable IWC Wage Order by denying its Stylists the compensation, other benefits and statutory entitlements that they are owed.

¹ While Color Street does not directly disclose how many Stylists it has, the company actively partners with March of Dimes, which notes that Color Street currently has 130,000 Stylists. *Color Street*, MARCH OF DIMES, <https://www.marchofdimes.org/color-street> (last accessed Mar. 5, 2025).

1 3. Color Street maintains a centralized, rigorous, and stringent sales policy to which each
2 of its Stylists must rigidly adhere should they expect any commission for their sales of Color Street
3 products. Even when these Stylists do follow Color Street’s exacting direction to the tee, the
4 majority of Stylists fail to even break even, having sunk substantial personal investment into
5 marketing Color Street products—business expenditures which Color Street shifts onto their
6 frequently financially insecure, female workers and which Color Street refuses to reimburse.

7 4. Via its pervasive marketing and sales guidelines, Color Street directed Stylists to
8 market and sell a variety of consumer products, including nail polish strips, skincare, and cosmetics.
9 In exchange for the Stylists’ work promoting the brand on social media, referring new customers,
10 providing customer service, and driving traffic to Color Street’s website, Color Street pays Stylists
11 at most a paltry commission.

12 5. Color Street’s ability to avoid accountability to its employees thus far—turns on the
13 fact that it operates as multi-level marketing business (“MLM”).² Color Street’s recruitment tactics
14 purportedly promise its Stylists the opportunity to build a business; in reality, however, they supply
15 free marketing and sales support for Color Street.

16 6. California legislature’s codification of the “ABC Test” in AB 5 did include a “direct
17 sales” exemption, which incorporated a definition appearing in a 40-year-old statute, California’s
18 Unemployment Code § 610. Among other things, the exemption is expressly limited only to those
19 salespersons making “in person” sales, such as door-to-door salespeople and home “Tupperware
20 party” hosts. It does not cover Color Street’s modern, online business model, where Stylists drive
21 social media engagement under Color Street’s guidance and direction, directing consumers to Color
22 Street-controlled websites, where Color Street accepts and processes the sales and fulfills the orders,
23 while also collecting and benefiting from the consumer data it acquires from these leads. The result
24 is a coordinated marketing campaign that increases exposure and awareness of the Color Street
25 products and is essential to the company’s ability to reach new customers.

26
27
28 ² Gerald Albaum & Robert A. Peterson, *Multilevel (Network) Marketing: An Objective View*. 11
MARKETING R. 347, 347–61 (2011).

7. As articulated in Color Street’s own Policies & Procedures, “[w]e highly encourage you to market your PW [Personal Website] link in order to drive online sales to your business.”³ These “Personal Websites” or “Replicated Websites” display the same Color Street website as normally shown, but with “Your Stylist: [Stylist’s Name]” displayed in the top left corner. Stylists cannot edit the content, text, photos, prices, or any aspect of the Replicated Website, which only serves to give them credit for sales.

8. Color Street strictly controls the work product of its Stylists, in part by ensuring that they follow its rigid guidelines for marketing content and recruiting materials. In recent years, Color Street’s direction and control of its Stylists work product has become all-encompassing.

9. Plaintiff was a victim of Color Street’s practices. Like all Stylists, in accordance with Color Street’s strict marketing and sales protocols, Plaintiff was trained by other Stylists and through Color Street materials, and was required to market, distribute, and sell Products to the public in accordance with Color Street’s instructions and parameters. And in return, Plaintiff was paid virtually nothing, while incurring unreimbursed personal costs to perform the work on Color Street’s behalf.

10. For these reasons, Plaintiff brings this action to recover unpaid wages, overtime compensation, penalties, interest, injunctive relief, other equitable remedies, damages, and reasonable attorneys’ fees and costs under the California Labor Code, Cal. Lab. Code §§ 201, 202, 203, 204, 226(a), 226.7, 226.8, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, 2802 and 2698 *et seq.* (the “CLC”), IWC Wage Order 4-2001 (8 Cal. Code Regs. § 11040), and California Unfair Competition Law (Cal. Bus. & Prof Code §§ 17200 *et seq.*). In addition, Color Street’s conduct violates various municipal and county codes in California, including but not limited to City of Los Angeles Municipal Code Art. 7; County of Los Angeles Code § 8.100.040, *et seq.*, San Francisco Cal. Code 12R.

11. Upon information and belief, Color Street has not addressed and/or changed its unlawful practices including failing to provide complaint meal and rest periods and has continued to deprive employees of money owed to them in straight and overtime compensation. By bringing

³ 2019 P&P s. 4h

1 this action, Plaintiff intends to stop this ongoing and unlawful practice and recover back wages and
2 overtime to which she is rightfully entitled.

3 **II. JURISDICTION AND VENUE**

4 12. The monetary damages, civil penalties, restitution, and equitable relief sought by
5 Plaintiff, the class members, and other aggrieved employees exceed the minimal jurisdiction limits
6 of the Superior Court and will be established according to proof at trial.

7 13. This Court has jurisdiction over this action pursuant to the California Constitution,
8 Article VI, section 10. The statutes under which this action is brought do not specify any other basis
9 for jurisdiction.

10 14. This Court has jurisdiction over all Defendants because, upon information and belief,
11 Defendants are citizens of California, have sufficient minimum contacts in California, or otherwise
12 intentionally avail themselves of the California market so as to render the exercise of jurisdiction
13 over them by California courts consistent with traditional notions of fair play and substantial justice.
14 Indeed, Color Street has previously registered with the California Secretary of State as conducting
15 business in California. Moreover, the acts and omissions detailed herein occurred in California.

16 15. Venue is proper in this Court because Plaintiff performed work for Defendants from
17 her home in Norwalk, California: within Los Angeles County. Defendants' acts and omissions in
18 violation of the relevant labor statutes are thus physically tied to Plaintiff's residential address.

19 16. Upon information and belief, Defendants direct and control a large workforce of
20 "Stylists" throughout California, including in Los Angeles County, and have agents, employ
21 individuals, and/or transact business in the State of California, County of Los Angeles.

22 **III. THE PARTIES**

23 17. Plaintiff Kristy Fields is an individual and resident of Norwalk, California.

24 18. Color Street LLC and Incoco Products LLC are entities incorporated under the laws
25 of the State of New Jersey, with a shared principal place of business in Totowa, New Jersey. Color
26 Street LLC and Incoco Products LLC hold themselves out to the public as a single entity, known as
27 Color Street.
28

1 19. Incoco Capital LLC is an entity incorporated under the laws of the State of Delaware
2 with a principal place of business in New York. Plaintiff is informed and believes and based thereon
3 alleges that Incoco Capital LLC is the parent company of Color Street LLC and Incoco Products
4 LLC.

5 20. Plaintiff is informed and believes and based thereon alleges that Fa Park is, and at all
6 times relevant hereto was, an individual residing in Palm Beach Gardens, Florida, as well as Founder
7 and Chief Executive Officer of Color Street LLC, Incoco Products LLC, and Incoco Capital LLC.
8 Plaintiff is further informed and believes and based thereon alleges that Fa Park, in his capacity as
9 the Founder and Chief Executive Officer of Color Street LLC, Incoco Products LLC, and Incoco
10 Capital LLC, exercised control over the wages, hours and/or working conditions of Plaintiff and
11 other aggrieved employees, including by informing employees when to report to work and what
12 work hours should actually be recorded, violated, or caused to be violated, the above-referenced and
13 below-referenced California Labor Code provisions in violation of §§ 558.1, 1197.1 and the
14 Industrial Welfare Commission (“IWC”) Wage Orders.

15 21. Plaintiff is informed and believes and based thereon alleges that Brian J. Lee is, and
16 at all times relevant hereto was, an individual residing in New Jersey, as well as Senior Vice
17 President of Finance of Color Street LLC and executive of Incoco Capital LLC. Plaintiff is further
18 informed and believes and based thereon alleges that Brian J. Lee, in his capacity as the Senior Vice
19 President of Finance of Color Street LLC and executive of Incoco Capital LLC, exercised control
20 over the wages, hours and/or working conditions of Plaintiff and other aggrieved employees,
21 including by informing employees when to report to work and what work hours should actually be
22 recorded, violated, or caused to be violated, the above-referenced and below-referenced California
23 Labor Code provisions in violation of §§ 558.1, 1197.1 and the Industrial Welfare Commission
24 (“IWC”) Wage Orders.

25 22. Plaintiff is informed and believes and based thereon alleges that Brick Bergeson is,
26 and at all times relevant hereto was, an individual residing in Rutherford, New Jersey, as well as
27 Chief Revenue Officer of Color Street. Plaintiff is further informed and believes and based thereon
28 alleges that Brick Bergeson, in his capacity as the Chief Revenue Officer of Color Street, exercised

control over the wages, hours and/or working conditions of Plaintiff and other aggrieved employees, including by informing employees when to report to work and what work hours should actually be recorded, violated, or caused to be violated, the above-referenced and below-referenced California Labor Code provisions in violation of §§ 558.1, 1197.1 and the Industrial Welfare Commission (“IWC”) Wage Orders.

23. Plaintiff is informed and believes and based thereon alleges that Matt Warner is, and at all times relevant hereto was, an individual residing in New Jersey, as well as Chief Operations Officer of Color Street. Plaintiff is further informed and believes and based thereon alleges that Matt Warner, in his capacity as the Chief Operations Officer of Color Street, exercised control over the wages, hours and/or working conditions of Plaintiff and other aggrieved employees, including by informing employees when to report to work and what work hours should actually be recorded, violated, or caused to be violated, the above-referenced and below-referenced California Labor Code provisions in violation of §§ 558.1, 1197.1 and the Industrial Welfare Commission (“IWC”) Wage Orders.

24. The true names and capacities of Defendants sued as DOES 1–50, inclusive, are unknown to Plaintiff, who therefore sues said Defendants by such fictitious names pursuant to California Code of Civil Procedure § 474. Plaintiff will seek leave to amend this Demand when said true names and capacities have been ascertained.

IV. FACTS COMMON TO ALL CLASS MEMBERS AND AGGRIEVED EMPLOYEES

A. Color Street Is a Successful Multilevel Marketing Company That Is Dependent on its Stylists to Engage in Social Media Marketing on Its Behalf

25. Color Street is a massively successful multi-level (network) marketing company that serves both US and international markets with its portfolio of nail polish strips, hand and nail care products, and makeup.⁴ Fa Park founded Color Street in 2017 as the direct selling company for the dry nail polish strips he had first developed in 1988.⁵ Before starting the MLM, Fa Park had sold his dry nail polish strips in traditional retail outlets under different brand names, including Incoco.

⁴ *About Color Street*, COLOR STREET, <https://www.colorstreet.com/home/aboutus> (last visited Mar. 5, 2025).

⁵ *Id.*

1 Since launching, the New Jersey-based Color Street has expanded its business internationally to
2 Canada and Europe.⁶

3 26. Color Street's success stems from its dependence on a massive network of Stylists.
4 The organization's multi-level marketing, or "network marketing" or "direct sales," structure is the
5 sole reason for Color Street's continued profitability.

6 27. But Color Street has for years exploited its California salesforce of Stylists by
7 misclassifying these so-called Stylists as independent contractors rather than as employees. In
8 knowingly and willfully misclassifying these employees, Color Street has been able to mine free
9 marketing and sales support from their Stylists. The cost of sales and marketing that Color Street
10 has thus far offloaded on its Stylists is highly valuable, potentially worth millions.

11 28. This is particularly egregious as Color Street's workforce is primarily comprised of
12 marginalized and financially insecure individuals. Color Street targets and recruits women who are
13 often shut out of traditional workplaces, such as those with criminal records, women who were
14 raised in or who are active in certain religious communities,⁷ women with childcare responsibilities,
15 and military wives.⁸ Due to their alienation from traditional workplaces, those targeted by Color
16 Street tend to be less familiar with their labor protections and with employment law generally.
17 Unfortunately, these women, already stretched thin energetically and financially, are less well-

19 ⁶ *Frequently Asked Questions*, COLOR STREET, <https://www.colorstreet.com/home/faq> (last visited
20 Mar. 6, 2025).

21 ⁷ "As MLMs are presented to the marketplace as low-barrier opportunities to start one's own
22 business, we suggest that this may speak directly to people who strongly endorse Protestant work
23 ethic (PWE), making them more inclined toward MLM participation, and financial outcomes
24 associated with that participation [...] [C]ounties with higher Protestantism had more consumers
25 participating in MLMs who lost \$1000 or more *and* those consumers incurred more *negative*
26 financial outcomes." Katharine Howie et al., *Associations Between Protestant Work Ethic and*
27 *Multilevel Marketing Participation and Financial Outcomes*, 249 ACTA PSYCHOLOGIA,
28 <https://doi.org/10.1016/j.actpsy.2024.104409>; *see also*, Orla McGrath, *Expert Explains Why*
Mormon Women Embrace Multi-Level Marketing, COLO. ARTS & SCI. MAG. (April 24, 2023),
[https://www.colorado.edu/asmagazine/2023/04/24/expert-explains-why-mormon-women-](https://www.colorado.edu/asmagazine/2023/04/24/expert-explains-why-mormon-women-embrace-multi-level-marketing)
[embrace-multi-level-marketing](https://www.colorado.edu/asmagazine/2023/04/24/expert-explains-why-mormon-women-embrace-multi-level-marketing).

⁸ "The vast majority of people who join multi-level marketing companies do not earn a profit. Those
people [] also tend to be women who seek additional income to support a family or to find
community." Annie Blackman, *Regulating The Reluctant: Policies That Benefit Vulnerable*
Participants In Multi-Level Marketing, 25 U. PA. J.L. & SOC. CHANGE 83, 83 (2021); *see generally*
Krista Marie Federico, Dissertation, *She Works Hard for No Money: Understanding Women's*
Participation in Multi-Level Marketing Organizations, U. ARIZ. SCH. SOCIO. (2020).

1 positioned to understand their rights as workers, less likely to identify when their protections are
2 violated, and less able to seek recourse when such violations occur.

3 29. Over the last decade, Color Street sales have moved from in-person to primarily
4 online. This means that the lion share of Color Street product sales would not be exempt under the
5 AB 5 “direct sales” exemption, California’s Unemployment Code § 610. A confluence of factors
6 precipitated the shift of sales to the virtual realm. First and foremost, social media sites such as
7 Facebook, X (Twitter), Instagram, and TikTok have evolved into powerful marketing tools, and the
8 adoption of these social media are now ubiquitous in the direct sales of Color Street products. Social
9 media platforms are now the predominant way MLM sellers connect with both their potential clients
10 and their community of sellers.⁹ In as early as 2019, nearly half of all Americans indicated being
11 “inundated” by social media connections who flooded their “feeds” with posts attempting to sell
12 MLM-affiliated products.¹⁰ Where once direct sales required Stylists to walk door-to-door or host
13 “Tupperware parties,” now all Stylists have to do is “post their products on social media to capture
14 the attention of hundreds or thousands of people at once.”¹¹

15 30. Secondly, COVID and associated lockdowns halted the ability of Stylists to perform
16 in-person sales, while also accelerating the widespread adoption of video chatting software like
17 Zoom among their potential customer bases. This led Stylists who had not yet already adapted to
18 fully-remote sales to do so in order to adhere to lockdown policy. And since the initial draw for
19 many Stylists was Color Street’s promise of flexible, autonomous work, it can be inferred that the
20 flexibility that comes with online sales means that there will be no future significant, de-transition
21 to in-person sales by Stylists.

22 31. While some MLMs rely on home parties, door-to-door sales calls, and other forms of
23 in person selling, Color Street’s model is designed so that Stylists can work online to solicit leads
24 and recruit new Stylists. Color Street entices new Stylists to join by emphasizing the ease of online

25 ⁹ Lindsay R. Maher, *Note: American Dream: Social Pressures and Lackluster Regulation Allow*
26 *Multi-Level Marketing Companies to Function as De Facto Pyramid Schemes*, 108 MINN. L. REV.
1587, 1622 (2024).

27 ¹⁰ Erika Giovanetti, *MLM Consultants Pressure Friends and Family to Overspend, and It's Straining*
28 *Relationships*, LENDINGTREE (Dec. 16, 2019), <https://www.lendingtree.com/debt-consolidation/survey-mlm-consultants-pressure-spending/>.

¹¹ *Id.*

work: “All products are warehoused and shipped by Color Street. When you enroll as a Stylist, you will receive a Color Street replicated website designed to be your online shop. You personally present our products, customers purchase products from your replicated website, and Color Street then processes the order and ships on your behalf and pays you a commission.”¹²

32. Despite the pivotal role of its salesforce, Color Street has never properly classified Stylists as employees. Rather, Color Street adheres to a multi-level (network) marketing organization structure, in which it offers people the purported “opportunity” to develop their own business earning commission by selling Color Street products and recruiting others to do the same, designating them as “independent contractors.”

33. However, these Stylists are not independent contractors under applicable law. Color Street instead chose to unlawfully secure an expansive marketing and sales network for minimal to no cost. It has reaped enormous profits by deliberately avoiding paying wages and benefits to those performing the sales work that forms the backbone of Color Street’s business. Color Street charges its Stylists for access to the instrumentalities needed to sell products, further increasing its profits and decreasing Stylists’ pay, in violation of California law. The intended result is for Stylists to receive, at most, de minimis profit from their work, while providing free labor and shouldering the costs of doing business that Color Street should be bearing.

B. Color Street Stylists Are Employees

1. Controlling Law

34. Companies like Color Street were never supposed to be allowed to run an entire business on the backs of independent contractors. People who work in a company’s core line of business are its “employees.” *United States v. Silk*, 331 U.S. 704, 718 (1947).

35. Color Street claims an unprecedented portion of its workforce as “independent contractors.” In its most recently published numbers, Color Street disclosed that it had 130,000

¹² *Frequently Asked Questions*, COLOR STREET, <https://www.colorstreet.com/home/faq> (last visited Mar. 6, 2025).

Stylists in the United States¹³ and had an estimated 501-1,000 employees.¹⁴ Thus, Color Street claims at least 99.2% of its workforce as “independent contractors.” The proportion of workers that Color Street considers “employees” has likely remained level at 0.8%—this will be confirmed should this matter proceed to discovery.

36. Color Street employees perform a variety of roles: some work as human resources specialists, graphic designers, and others in research and development or production of the company’s products. These workers receive special treatment from Color Street, including paid time off, retirement plans with company match, as well as medical, dental, vision, disability, and life insurances.¹⁵

37. But Stylists, who make up the bulk of Color Street’s workforce, are denied even the most basic protections of federal and state labor laws. Color Street does not pay them minimum wage; it does not pay overtime; and it does not reimburse business expenses, such as internet connections, laptops, smart phones, or post promotion over Facebook, YouTube, and Instagram. Its classification of its Stylists also deprives them of basic protections against discrimination and sexual harassment.

38. By design, “independent contractors” are exempted from “nearly every” labor law, but this classification was not meant to be a loophole for companies like Color Street, whose Stylists are effectively modern day telemarketers.¹⁶ “Historically, firms reserved the independent contractor designation for entrepreneurial individuals whose skills demanded higher pay in the open market.”¹⁷ With this in mind, “[l]egislatures rationalized excluding [independent contractors] from most

¹³ *Color Street*, MARCH OF DIMES, <https://www.marchofdimes.org/color-street> (last accessed Mar. 5, 2025).

¹⁴ *Color Street HQ: Innovative Cosmetic Concepts - About*, LINKEDIN, <https://www.linkedin.com/company/innovative-cosmetic-concepts/about/> (last visited Mar. 6, 2025).

¹⁵ *Accountant: Color Street HQ and Innovative Cosmetic Concepts*, CAREER.COM, <https://www.career.com/job/color-street-hq-and-innovative-cosmetic-concepts/accountant/j202307141715568767235> (last visited Mar. 6, 2025).

¹⁶ Keith Cunningham-Parmeter, *From Amazon to Uber: Defining Employment in the Modern Economy*, 96 B.U. L. REV. 1673, 1683–84 (2016).

¹⁷ *Id.*

employment laws because these individuals did not require the same legal protections as potentially more vulnerable, less-skilled ‘employees.’”¹⁸

39. Today, Color Street preys upon many of the most vulnerable members of our society. Despite being a \$40 billion industry, “the vast majority of people involved in them don’t make money off of MLMs, and many people lose money.”¹⁹ Color Street’s Stylists are no exception: Color Street’s own figures estimates that 63.17% of Stylists *lost* a median of \$6 per month in 2023.²⁰

40. MLMs like Color Street have grown during the COVID-19 pandemic, recruiting salespeople by promising remote work for the unemployed.²¹ In 2021, the Federal Trade Commission issued a warning to both Color Street and Incoco regarding its deceptive and unfair conduct around promoting its money-making opportunity to those financially impacted by the pandemic.²² These are the precise individuals that legislatures meant to shield with minimum wage and other workplace protections.

41. In recent years, state legislatures have taken action to send a clear message that most workers should be “employees.”

42. California has adopted the “ABC Test” to determine whether a company, like Color Street, has misclassified its workers as “independent contractors.” Because employee status was meant to be the default, the ABC Test “presumptively considers all workers to be employees and permits workers to be classified as independent contractors only if the hiring business demonstrates that the worker in question satisfies *each* of three conditions:

¹⁸ *Id.*

¹⁹ Emily Stewart, *\$5 Jewelry And An MLM Conference Gone Wrong: Multilevel Marketing Companies Were the “Perfect” Pandemic Business*, VOX (Sept. 23, 2021), <https://www.vox.com/the-goods/22688317/mlm-covid-19-pandemic-recruiting-sales-paparazzi> (citing study finding that 99 percent of MLM participants lose money).

²⁰ *Income Disclosure Statement: January 1, 2023-December 31, 2023*, COLOR STREET, <https://www.colorstreet.com/incomedisclosure> (last visited Mar. 6, 2025).

²¹ Abby Vesoulis & Eliana Dockterman, *Pandemic Schemes: How Multilevel Marketing Distributors Are Using the Internet—and the Coronavirus—to Grow Their Businesses*, TIME, Jul. 9, 2020, <https://time.com/5864712/multilevel-marketing-schemes-coronavirus/>.

²² *List of October 2021 Recipients of the FTC’s Notices of Penalty Offenses Concerning Money-Making Opportunities and Concerning Deceptive or Unfair Conduct around Endorsements and Testimonials*, FED. TRADE COMM’N (Oct. 25, 2021), https://www.ftc.gov/system/files/attachments/penalty-offenses-concerning-money-making-opportunities/list-recipients-mmo_notice_0.pdf.

- 1 A. that the worker is free from the control and direction of the hirer in connection with
 2 the performance of the work... **and**
 3 B. that the worker performs work that is outside the usual course of the hiring entity's
 4 business; **and**
 5 C. that the worker is customarily engaged in an independently established ... business of
 6 the same nature as that involved in the work performed."

7 *Dynamex Operations West, Inc. v. Superior Court*, 4 Cal.5th 903, 956–57 (2018) (emphasis in
 8 original).

9 **2. Stylists Are Not Free from Color Street's Control**

10 43. To engage in online marketing work for Color Street, the company does not require
 11 Stylists to hold any special experience, skills, license, or education level. Rather, Color Street
 12 requires only that a prospective Stylist use Color Street's website to purchase a "Starter Kit."²³

13 44. All Stylists are then required to adhere to a series of terms and conditions including
 14 the "Color Street Independent Stylist Agreement" (the "Agreement"), which incorporates by
 15 reference the "Color Street Policies and Procedures for Independent Stylists" ("Policies &
 16 Procedures"). A true and correct copy of an example of the Policies & Procedures is attached hereto
 17 as **Exhibit A** and provides that Stylists are to be considered independent contractors.

18 45. The Policies & Procedures are 37 pages long and set out most of the requirements of
 19 the Stylists, including compliance with the "Color Street Culture and Values" statement, requiring
 20 Stylists to promise to market Color Street and engage in customer service in accordance with Color
 21 Street directives.²⁴

22 46. Because Color Street treats the Stylists as independent contractors, it does not pay
 23 them any salary, wages, or benefits. Rather, as is typical in the MLM industry, the Color Street
 24 Compensation Plan provides for two types of compensation: (1) for sales the Stylist made to
 25 consumers, the Stylist receives a small percentage as a commission, and (2) if the Stylist builds a
 26 "downline," i.e., recruits other new Stylists to market and sell Color Street products and recruit more
 27

28 ²³ Ex. A, § 1a.

²⁴ Ex. A at 2.

Stylists, then the “upline” Stylist receives commissions for sales made by those Stylists in their downline.²⁵ Color Street also offers special “bonuses” to those Stylists who hit certain sales and recruiting metrics in various time frames.

47. Stylists are responsible for all expenses. This includes the cost of the mandatory Starter Kit and an auto-renewing monthly fee of \$9.95 that Color Street charges all Stylists. In addition, Stylists do not receive products for free or even at a discount, but must purchase them at customer price from Color Street to create promotional posts and testimonials on social media or to distribute samples. Color Street does not reimburse Stylists for these purchases, nor for the costs of a cell phone, internet, and other routine business expenses.

48. In the Agreement and Policies & Procedures, Color Street gives itself broad rights to control Stylists and mandate conformance with its directives.

49. Color Street’s reliance on an e-commerce platform limits Stylists’ discretion and promotes online sales over in-person interactions. Stylists’ Color Street-issued websites, “Replicated Websites,” are designed in a way that ensures that Stylists operate in compliance with Color Street’s marketing directives as laid out in its Policies & Procedures. Because the Replicated Website is not a standalone website, but a portal by which the public can view the products on Color Street’s own website in a way that gives credit to the Stylist for the sale, the product pages and descriptions are generated entirely and solely by Color Street, with no option for the Stylist to revise or supplement either the language or photos of the products. Thus, the Stylist is in effect selling products using only Color Street-approved marketing language and intellectual property, as required by the Agreement.

²⁵ The “upline” and downline” concepts are the hallmark of the MLM structure. To illustrate, when an established Stylist, whom we will call “Amy,” recruits a friend, whom we will call “Bill,” to be a Stylist, Bill is in Amy’s downline; and Amy is in Bill’s upline. If Bill in turn recruits a new Stylist, whom we will call “Chris,” then Bill has an upline (to Amy) and a downline (to Chris); the established Stylist Amy now has two levels to her downline, to Bill (first level), and Chris (second level). Should Chris then recruit someone, the established Stylist Amy would have three levels to her downline. As of March 1, 2025, Color Street began only compensating Stylists for one level of their downline. *Color Street Debuts New Comp Plan and Omnichannel Strategy*, DIRECT SELLING NEWS (Jan. 31, 2025), <https://www.directsellingnews.com/2025/01/31/color-street-announces-shift-to-omnichannel-strategy/>.

50. Color Street sets the prices online and does not permit adjustments, nor is there a way for a Stylist to allow a customer to get a discount, receive a free gift, make a donation, or use any other offer that is not available on Color Street’s main platforms and to all Color Street customers. This significantly limits Stylists’ marketing discretion.

51. Color Street also restricts Stylists from using any platform other than Color Street’s website to make online sales; in other words, they cannot sell the products directly to consumers on Facebook Marketplace, eBay, Amazon, or similar sites. By making the Replicated Websites available and performing the back-end work, Stylists would be less likely to seek out other e-commerce platforms to sell the products even if they were permitted.

3. Stylists’ Work Is Not Outside Color Street’s “Usual Course of Business”

52. Color Street views the work of the Stylists to market the products online as central to its business model. As founder Fa Park says in a video featured on Color Street’s website, “My vision was, how can I deliver this product to the world? ... Without Stylists, it is almost impossible. I feel like we are one unit.”²⁶ The primary benefit to Color Street from the Stylists’ work is the way in which they drive people to Color Street’s website and fuel engagement with the brand. Color Street gets increased visibility on social media, enabling it to compete in a saturated beauty and personal care market more cheaply. For much the same reason that brands turn to influencers, Color Street understands that social media posts from friends may be more persuasive in driving interest and generating paying customers than a paid advertisement.

4. Color Street Cannot Meet Its Burden To Show That Stylists Are “Customarily Engaged” in a Separate Business

53. Color Street cannot meet its burden to show that Stylists are “customarily engaged” in an independently established sales and marketing business. Instead, most Stylists are recruited regardless of their skill or experience, only perform sales and marketing for Color Street (using Color Street’s approved platforms), and maintain no separate sales or marketing business.

²⁶ *About Color Street*, COLOR STREET, <https://www.colorstreet.com/home/aboutus> (last visited Mar. 5, 2025).

1 54. Stylists are not required to have any background in sales, marketing, or beauty and
2 nail care prior to becoming a Stylist. Stylists are not required to have any licensure or meet any
3 educational requirements, either. For example, they do not need to be licensed nail technicians or
4 cosmetologists, nor have any schooling, training, or prior employment in fields relating to beauty
5 or nail care. Nor does Color Street require that they have schooling, training, or prior employment
6 in marketing, sales, or general business. Instead, Color Street only requires that a prospective Stylist
7 complete a short application asking for basic personal information and agree to pay the monthly fee.
8 In fact, most Stylists have little to no prior relevant experience or training.

9 55. Most Stylists have never owned or operated their own separate sales business outside
10 of Color Street. And most Stylists do not maintain any registered or incorporated sales or marketing
11 business, for their work with Color Street or otherwise. Stylists generally do not hold themselves
12 out to others as sales or marketing professionals or maintain any office or business address.

13 56. Rather than rely on Stylists' own business acumen or sales experience to market
14 products, Color Street provides the instrumentalities of Stylists' sales and marketing work. These
15 include the "Virtual Office" (a password-protected website which includes a tool for Stylists to send
16 emails to customers and their downline Stylists, as well as a gallery of approved images and video
17 clips), the Replicated Website (the content of which is provided by Color Street and does not allow
18 deviation from the standard template), the Color Street Stylist app, and Color Street scripts and
19 graphics for use in marketing.

20 57. Ultimately, Color Street intends for Stylists to see Color Street as an employer, not as
21 client. In other words, regardless of whether a Stylist maintains any kind of independent business,
22 Color Street's policies and mandated instrumentalities of work make it so the Stylist responsibilities
23 are not those that are of the sort that would be performed by an independent and trained professional.
24 For example, Color Street requires Stylists to identify themselves by their names and as "Color
25 Street Independent Stylists" on social media profiles and posts.²⁷ The expectation is that the Stylists
26 are using Color Street's brand to sell, not their own business's identity. Likewise, Color Street's
27 policies promoting sales through the Replicated Websites, restrictions on using other websites as a

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²⁷ Ex. A, § 4a.

point of sale, and limitations on where the products can physically be sold effectively prevent Stylists from integrating the sale of Color Street products into any pre-existing business. And Color Street prohibits Stylists from using its platforms to promote other businesses, including any other multi-level marketing companies.

58. Similarly, those experienced in social media marketing are not allowed to use the kinds of tools relied upon by professionals in the field. People with digital marketing experience cannot leverage their skills because Color Street does not provide access to data collected from visitors to Stylists' Replicated Website, nor the ability to track them and target ads to them. Instead, Color Street designs the overall social media advertising campaign, and supplies the Stylists with hashtags, scripts, promotional photos and video clips, and other strategic advertising directives for the Stylists to use to sell Color Street's products on social media.

59. Further, Color Street actively limits Stylists' ability to engage in sales or marketing opportunities outside Color Street. For example, Color Street prohibits Stylists from recruiting other Stylists to join other MLMs or even to market other MLM products to fellow Stylists.

5. Color Street Stylists Are Not "Direct Sellers."

60. Despite classifying the Stylists as Independent Contractors, they are employees under California law. As set forth below, while some MLM workers might meet the narrow statutory exemption for those employed in "direct sales," Stylists do not.

i. Background on MLMs and the Direct Sales Exemption.

61. For many years, the MLM industry has enjoyed notoriety for its ability to carve out loopholes from federal and state employment laws, permitting MLMs to treat its sales personnel as independent contractors. These regulations were enacted in the 1970s and 1980s, and in California, the exemption describes a different job than what Stylists perform.

62. When AB 5 was passed in 2019, it codified the opinion in *Dynamex Operations West, Inc. v. Superior Court of Los Angeles County*, 4 Cal. 5th 903 (2018), in which it set forth a new test for misclassification (the "Dynamex Test"). When the bill was being debated, many in the MLM industry recognized that the Dynamex Test would require them to classify their workers as employees. The Direct Selling Association ("DSA"), the industry lobbying group, pushed for an

1 exemption. As a result of those efforts, AB 5 exempts from the Dynamex Test any salesperson
 2 “described in Section 650 of the Unemployment Insurance Code, so long as the conditions for
 3 exclusion from employment under that section are met.” (“Direct Sales Exemption”) For such
 4 workers who fall within the exemption, the old common law test (rather than the ABC Test) would
 5 govern the question of employee status.

6 63. For an entity to be covered under the Direct Sales Exemption, the hiring entity must
 7 show that the work satisfies all three criteria set forth in the statute, namely that (a) the worker
 8 performs one of two specific types of work; (b) the worker’s compensation is directly tied to sales
 9 or output, and not hours worked; and (c) the worker and business have an agreement that the worker
 10 will be treated as a contractor for tax purposes. If all three criteria are not met, then the exemption
 11 does not apply, and if the worker otherwise meets the Dynamex Test, they are misclassified. While
 12 the third of these criteria—services performed pursuant to a contract identifying the person as an
 13 independent contractor—is only facially met, and even if it were an enforceable contract, that factor
 14 is not dispositive. As discussed below, the Stylist job does not satisfy the other criteria.

15 ii. *Color Street Stylists Do Not Perform the Jobs Identified in the Direct Sales*
 16 *Exemption.*

17 64. First, for the Direct Sales Exemption to apply, the salesperson must be performing
 18 one of two narrowly defined jobs. Specifically, the Exemption requires that one be “engaged in the
 19 trade or business of primarily inperson [sic] demonstration and sales presentation of consumer
 20 products, including services or other intangibles, in the home or sales to any buyer on a buy-sell
 21 basis, a deposit-commission basis, or any similar basis, for resale by the buyer or any other person
 22 in the home or otherwise than from a retail or wholesale establishment.” In other words, section (a)
 23 of the Direct Sales Exemption is best understood as identifying two specific categories of direct
 24 sales jobs, ***Primarily In Person Consumer Sales Work***, and ***Wholesale/Resale Work***, that could
 25 trigger the applicability of the Direct Sales Exemptions. The Stylist does not fall under either of
 26 these categories.

27 65. ***Color Street Stylists Are Not Engaged Primarily in In-Person Consumer Sales***
 28 ***Work.*** This job category covers those who are “engaged in the trade or business of primarily

inperson [sic] demonstration and sales presentation of consumer products, including services or other intangibles, in the home.” Thus, the exemption is limited to those who are *primarily* selling consumer products *in person* and *in the home*. These terms are significant, as they do not appear in the analogous job category of “direct sellers” under a later federal statute. *See* 26 U.S.C. § 3508(b)(2)(ii). Thus, the California exemption applies narrowly to jobs like door-to-door salespersons, or the direct sellers who work almost exclusively through the home party circuit, i.e., people who sell consumer products by meeting with other consumers in their homes.

66. As discussed throughout, Stylists do not “primarily” sell “in person.” Moreover, to the extent any Stylist in the Color Street network was primarily conducting “in person” sales after the purported Color Street “digitization” the COVID pandemic would have pushed more sales online.

67. ***Color Street Stylists are not engaged in Wholesale/Resale Work.*** This job category, which also has a federal parallel, 26 U.S.C. § 3508(b)(2)(i), covers those are engaged in:

- a) “sales to any buyer”
- b) “on a buy-sell basis, a deposit-commission basis, or any similar basis,”
- c) “for resale by the buyer or any other person”, and
- d) “in the home or otherwise than from a retail or wholesale establishment.”

While California law does not define the terms buy-sell or deposit-commission in [b], federal law does. The term “buy-sell basis” is one in which one buys the product to sell the product, and gets paid for selling the product with the spread between the purchase price and the resale price, and term “deposit-commission basis” applies where the buyer keeps as commission for a sale of a product the deposit received from the buyer. *See* 26 U.S.C. 6041A(b)(2)(A) & (B).

68. The “Wholesale/Resale Work” is even more narrow than “In Person Home Sales Work,” and does not apply to Color Street. Rather, Color Street’s Agreement requires that Stylists sell only to themselves or to retail customers. Nowhere in the Agreement or in Color Street’s public materials does it state that compensation is on a buy-sell or deposit-commission basis.

69. To illustrate what is meant by “Wholesale/Resale Work,” a hypothetical upline Stylist Sue would be performing this work if [a] Sue was selling Color Street products to her downline

Stylist Bob [c] for Bob to resell, not to keep for his own use; and [b] Sue was compensating Bob for his resale services by permitting Bob to keep the difference between the price he paid to Sue and the product's selling price or by permitting Bob to keep the deposit he acquired. Stylists do not work in this way, selling products to Stylists for Stylists to re-sell. If Bob directs a lead to his Replicated Website, and the lead purchases a product from Color Street, both he and his upline Stylist (e.g., Sue) would receive a commission for sales from Color Street. But as to Sue, [a] is not met because Sue did not sell the products to Bob. Because Bob acquired the products from Color Street to sell at retail, not to someone to re-sell, [a] and [c] are not met. As to both, [b] is not met, because neither sold the product on those terms. Rather, Color Street takes the full payment at the point of sale and sends the product directly to the consumer, and then separately pays the Stylist.

70. ***The job descriptions in the Direct Sales Exemption predate significant changes to how MLMs now operate.*** By way of background, these two categories of jobs outlined in the Direct Sales Exemption were how MLMs organized at the time the Direct Sales Exemption was enacted. In the 1970s and 1980s, downline sellers hosted parties, traveled door to door, had booths at local fairs, or visited friends and family in their homes to hand out samples, catalogs, and sales sheets. They took orders and payment directly from the customer. Once the seller had enough orders, the seller placed the order with the company, received the shipment from the company, and then met with the customer again in person to deliver the product and if necessary, collect any further payment that might be due. The direct seller engaged with consumers both directly and personally; the consumers had little to no interaction with the company.

71. In some instances, instead of placing the order with the company, the seller performing "In Person Home Sales" would place the order with the person in their "upline," who was engaged in "Wholesale/Resale Work." The upline seller acquired products from the company, and sold them to the downline "In Person Home Sales" worker on a buy-sell or commission deposit basis for them to sell to end consumers (or to their downlines). The seller was able to do "Wholesale/Resale Work" because at the time, MLMs permitted direct sellers to fulfill their sales quotas by either selling the product to retail consumers or selling it to downline sellers.

72. Since the Direct Sales Exemption was enacted, various changes in the MLM industry occurred to move away from this model. Most notably is the fact that over the last few decades, MLMs have been forced to make changes to their operations in response to regulatory actions and civil lawsuits by private litigants to enforce anti-pyramid scheme laws. Courts and regulators have made clear that to avoid violating criminal and civil pyramid scheme laws, MLMs needed to conduct operations so as to ensure that real, meaningful sales were happening directly to consumers—instead of primarily to sellers’ own downlines. *See, e.g., Webster v. Omnitrition Int’l*, 79 F.3d 776, 782 (9th Cir. 1996). It was not enough to simply have a policy that sales should be at retail; the law has evolved so as to require MLMs to enforce that policy and to demonstrate its effectiveness at ensuring participants were not merely stockpiling inventory and seeking to recoup losses by recruiting new sellers to buy the product from them.

73. These legal developments have prompted two important changes. First, because MLMs must ensure retail sales are occurring, few if any MLMs permit sellers to perform “Wholesale/Resale Work.” Certainly, Color Street does not. Second, the work undertaken by MLMs to enforce policies as to sales at retail results in them exercising far more control than they might have decades ago.

74. Furthermore, by implementing platforms such as the Replicated Website, Color Street can better oversee Stylists in their work to ensure they are not engaging in activities that could run afoul of anti-pyramid scheme laws. Color Street can oversee all retail sales, given the vast majority occur on its website and on public social media pages. While this control may protect Stylists from being a victim of one kind of legal violation, they also remove much of the discretion that other independent MLM contractors had.

iii. *Color Street’s Modern E-Commerce Business Is Unlike Past and Present Direct Sales Companies.*

75. The Direct Sales Exemption and its inclusion in AB 5 was based on the MLM industry’s claim that it is needed to ensure the industry can continue to offer people the opportunity to create and run their own businesses. Some MLM businesses do run operations that are predominately based on around in-person sales, promoting home parties and sales at community

1 events, like Parent Teacher Association meetings or similar. Some do not allow consumers to buy
2 products via a company website or they use pricing and purchasing policies that give the seller more
3 control. In the primarily face-to-face, in-person sales context, the direct line between a person's
4 effort and a closed sale may still be one that can be drawn and may allow for the kind of independent
5 business operations contemplated by the statute.

6 76. Color Street's operations, however, are a stark departure. The way in which it operates
7 its platforms, including the Replicated Websites, eliminates for the Stylist nearly all the work
8 associated with operating a business, as compared to MLMs of the past, and of some in the present.
9 At the same time, by removing many of the functions performed by sellers in the past, Stylists with
10 expertise, skills, or a willingness to invest in certain areas are unlikely to realize a material change
11 in their earnings prospects.

12 77. For example, the use of Replicated Websites means that skills or investment in
13 inventory management or distribution processes are not necessary, nor will they have a material
14 impact on a Stylist's outcome. When customers place orders on the Replicated Websites, Color
15 Street fulfills them. Unlike some MLMs, both current and historic, as well as in the traditional
16 wholesale context, Stylists do not need to plan to have products on hand or collect bulk orders.

17 78. Similarly, expertise or support in accounting, finance, economics or pricing will not
18 impact a Stylist's outcome, because Stylists are not able to alter prices at which the products are
19 sold on their Replicated Websites and must sell them at the rate that Color Street has determined
20 will cover Color Street's expenses, regardless of whether the Stylist's compensation is enough to
21 cover the Stylist's expenses. Color Street calculates, collects, and remits sales taxes, and Stylists do
22 not need nor would benefit from experience in that area. Unlike some MLMs, both current and
23 historic, as well as in the traditional wholesale context, Color Street does not give a larger discount
24 or increase the percentage basis for a commission if a Stylist orders a larger amount of products for
25 their customers.

26 79. Color Street also pays the Stylist's upline and downline and determines any
27 compensation owed to them, and thus, a Stylist does not negotiate or set anyone else's rates of pay.
28

Color Street handles the payment interface, and thus Stylists do not need expertise in electronic payments, data security and privacy, credit card processing regulations, or similar.

6. The Terms and Conditions in the Stylist Agreement are Unconscionable, Unfair, and Unlawful.

80. The Agreement between Color Street and Stylists is a tool by Color Street to exert control while maximizing Color Street's profits. The Agreement is a take-it-or-leave it deal, with no opportunity for negotiation. And many Stylists discover that the arrangement is one in which they will spend extraordinary amounts of time and money promoting the company with little payoff.

²⁸ Indeed, the effect of the Agreement, when considered in tandem with Color Street's other business practices, grossly restricts Stylists' ability to profit from their work advertising sales, and may cause Stylists to turn attention to recruiting more Stylists into a futile business endeavor.

81. Indeed, MLMs like Color Street have been criticized for the fact that few of the sellers manage to profit. At least one study concluded that 99% of MLM participants do not earn money;²⁹ another found that only 25% earned a profit.³⁰ Color Street's numbers are consistent with this low rate of success; Stylists rarely make any money. Color Street's 2023 Income Disclosure Statement presents information on Stylists who were affiliated with the company that year, and of those, 63.17% of Stylists were in the lowest "rank."³¹ The average amount in commission earned by Stylists in that rank for the whole year was *negative* \$8.³² The monthly median income of Stylists in that rank was negative \$6³³—meaning that over 30% of Stylists in any given month were *paying* Color Street *more* than \$6 per month to work as a Stylist. Critically, none of these figures include Stylists' full expenses. As described throughout, Stylists themselves foot the bill for event

²⁸ Abby Vesoulis & Eliana Dockterman, *Pandemic Schemes: How Multilevel Marketing Distributors Are Using the Internet—and the Coronavirus—to Grow Their Businesses*, TIME, Jul. 9, 2020, <https://time.com/5864712/multilevel-marketing-schemes-coronavirus/>.

²⁹ *Id.*

³⁰ *What is Multilevel Marketing (MLM)?*, AARP FOUNDATION, <https://www.aarp.org/aarp-foundation/our-work/income/multilevel-marketing/> (last accessed Oct. 30, 2024).

³¹ *Income Disclosure Statement: January 1, 2023-December 31, 2023*, COLOR STREET, <https://www.colorstreet.com/incomedisclosure> (last visited Mar. 6, 2025).

³² *Id.*

³³ *Id.*

1 registration fees, Color Street-related travel, office supplies, insurance premiums, products
2 purchased for business purposes, marketing materials, and internet and phone bills, inter alia.

3 82. Moreover, Color Street has structured its business operations and Agreement to
4 benefit from the addition of more Stylists, while Stylists lose. Color Street benefits when tens of
5 thousands are active on social media, but incurs no other expense unless the Stylist generates a sale.
6 While Color Street benefits from an oversaturation of Stylists, the individual Stylists only have more
7 competitors and a harder time setting themselves apart. And nowhere in the Agreement does Color
8 Street promise to limit the number of Stylists retained in any way.

9 83. Given that Stylists must compete with Color Street and other Stylists for retail sales
10 under such oppressive and onerous terms, it is no surprise that the overwhelming majority never
11 receive commission or struggle to break even. But because Stylists receive commission from the
12 retail sales made by any Stylists they recruit, Color Street's own income disclosures indicate that
13 those who advance to higher levels through recruiting more Stylists on average earn more money.
14 Thus, Stylists have a financial incentive to advertise the opportunity to work with Color Street under
15 these unfair, unconscionable, and oppressive terms. Those new Stylists in turn will pay Color Street
16 various fees discussed herein, buy merchandise from Color Street, promote Color Street on social
17 media, be subject to the same restrictions on selling as those who recruited them, and like those
18 before them, find profiting from selling to be futile and turn to recruiting.

19 **C. Color Street's Misclassification of Plaintiff and Stylists Was Willful.**

20 84. Color Street's decision to misclassify the Stylists as independent contractors was
21 willful and intentional.

22 85. **First**, Color Street has registered to do business in California, and thus, it is aware of
23 California's labor and employment laws. It is a highly sophisticated, large company, whose legal
24 team includes California lawyers, including those at the prestigious law firms that provide it
25 representation in other matters. Both its management and its legal team would be exposed to news
26 about changes in California law with respect to misclassification.

27 86. **Second**, as detailed above, Color Street's Agreement and Policies & Procedures, as
28 well as other materials and communications to Stylists, set forth various rules and policies. Color

1 Street knew and intended for Stylists to conform to these rules and policies and ensured adherence
2 through its own platforms and other instrumentalities.

3 87. **Third**, Color Street knows and depends on the Stylists and even the highest levels of
4 the company understand that the Stylists play an essential role in Color Street’s growth and business
5 model. The management team not only understands the essential role the Stylists play, but know
6 they are classified as independent contractors, as evidenced by their decision to operate the company
7 as an MLM. Thus, the decision was not a singular decision by a low-level employee, but a conscious
8 and knowing choice endorsed by the highest levels of Color Street’s management.

9 88. **Fourth**, Color Street further knows and understands as an MLM, few workers will
10 make money under a commission structure, and repeatedly states in publicly accessible documents
11 that its Stylists only get paid if they make a sale, no matter how many hours they worked promoting
12 Color Street. Indeed, the commission structure represents a significant cost savings over the
13 payment of hourly wages. Color Street is aware that it is receiving inexpensive, commission-based
14 work from its Stylists—it intentionally structured the program in that way.

15 89. **Fifth**, Color Street knew that its Stylists were not engaged in either type of work
16 protected under the Direct Sales Exemption. It does not use terms like “buy-sell” or “deposit-
17 commission” in its compensation documents or Agreement. It also knows that its Stylists engage
18 primarily in social media marketing on its behalf, and are rarely, if ever, engaging in person sales
19 or hosting parties in others’ homes, particularly during and since the COVID pandemic. And it
20 designs platforms, such as the Color Street Stylist App, Virtual Office, and Replicated Websites, to
21 facilitate online sales and marketing.

22 90. **Sixth**, Color Street knew the Direct Sales Exemption was enacted years ago, and there
23 was no guarantee that all MLMs could enjoy its protection. Rather, Color Street has been an MLM
24 since 2017 and thus, should have or did know that the classification of MLM workers has for years
25 been one of the most critical legal and policy issues for the industry.

26 91. For example, in 2018, the Oregon Supreme Court determined that an MLM had
27 misclassified its sales personnel as independent contractors. *See ACN Opportunity, LLC v.*
28 *Employment Department*, 362 Or. 824 (2018). The decision was based in part on the fact that the

statute exempted sales “in the home,” and the legislative history indicated that this exemption was narrowly tailored to apply to things like Tupperware parties. Notably, the concurrence made clear that the direct sales laws on the books reflect outdated direct selling practices and may not reach many modern MLMs. It is hard to imagine that Color Street would not have learned of a decision by a state supreme court, particularly given the decision’s significance to its industry.

D. Color Street’s Misclassification of Stylists and Unfair Business Practices Harm the California Public.

92. Color Street’s misclassification of its workers and unfair and unconscionable business model threatens the general public. Because Color Street has no incentive to stop these practices, a public injunction is necessary to stop these practices.

1. Color Street Uses Widespread Advertising Practices Directed at the General Public to Recruit New Stylists.

93. Color Street has eschewed traditional recruiting practices in lieu of widespread advertising. Because of how Color Street recruits, nearly everyone in the state of California is likely to be targeted for recruiting and engagement in Color Street’s unfair and unlawful business model.

94. Rather than market job opportunities to job seekers meeting certain criteria, Color Street uses its Stylists to promote the Stylist opportunities in the same way they advertise its products. Color Street has set up its compensation structure and business model to incentivize Stylists to turn to recruiting, and those Stylists in turn will promote the opportunity to their customers, as well as their family and friends. Thus, the public does not need to be affirmatively seeking out job opportunities; merely buying a routine consumer good or having a friend or family member working as a Stylist may subject them to recruiting messaging, and by extension, could lead them to accept the Agreement and become a Stylist.

95. Moreover, Color Street’s reliance on its existing Stylist network to advertise the Independent Consulting opportunity is likely to cause the message to reach the general public at large, as its network is enormous. Color Street likely has over 130,000 Stylists nationwide.³⁴ Stylists

³⁴ *Color Street*, MARCH OF DIMES, <https://www.marchofdimes.org/color-street> (last accessed Mar. 5, 2025).

1 need not respect geographic boundaries when advertising the Stylist opportunity, and thus, any
2 member of the California public who either personally knows a Stylist or follows one on social
3 media, regardless of where the Stylist lives, is likely to receive messages about the Stylist
4 opportunity.

5 96. Because of the financial incentives those Stylists receive, members of the public may
6 sometimes repeatedly and consistently receive advertising about the Stylist opportunity over weeks
7 or months at a time, and perhaps from multiple Stylists. Indeed, each newly recruited Stylist presents
8 the risk of an exponential increase of Stylists. Stylists can maintain their status and receive
9 additional compensation based on the sales volume of the downline Stylists that they recruited. The
10 more Stylists recruited into their downline, the more likely it is that they will be able to generate
11 more income.

12 97. Because Stylists are incentivized to aggressively recruit new Stylists, and Color Street
13 considers every customer to be a potential Stylist, California's residents are vulnerable to long-term
14 consequences of Color Street's rampant misclassification. Notably, Color Street is not a selective
15 employer; it requires little in the way of experience or other criteria. The overwhelming majority of
16 adults in the state of California are likely qualified for the job, and millions of people in the state
17 may seek out this opportunity. Indeed, it is estimated that one in every thirteen Americans will
18 participate in an MLM at some point in their lifetimes.³⁵ This could translate into hundreds of
19 thousands of Californians, if not millions of Californians, who are at risk of being recruited into an
20 illegal and unfair working arrangement.

21 2. Color Street's Unfair and Unlawful Conduct Harms California In Other 22 Ways.

23 98. Beyond recruitment, Color Street's misclassification of their Stylists harms
24 Californians both economically and socially. When Stylists lose money and accumulate credit card
25 debt, they and their families are harmed by the siphoning away of their uncompensated time and
26

27 ³⁵ Marguerite DeLiema, et al., *AARP Study of Multilevel Marketing: Profiling Participants and*
28 *their Experiences in Direct Sales*, AARP FOUNDATION (2018), at 13,
https://www.aarp.org/content/dam/aarp/aarp_foundation/2018/pdf/AARP%20Foundation%20MLM%20Research%20Study%20Report%2010.8.18.pdf.

lost money on business expenses. This results in them and their families having fewer resources to invest in legitimate businesses and less time to spend working for real, guaranteed wages. And instead of the opportunity being a “side hustle” that allows them to pay off mortgages or student loan debt, cover costs of childcare, or otherwise advance financially, the loss of money from Independent Consulting could cause them more economic hardship.

99. This public harm intensifies during periods of crisis. It is well-documented that MLMs, like Color Street, profited from greater recruitment of participants during the COVID-19 pandemic.³⁶ Color Street expects the same profit from future crises, such as financial recessions, because it recruits new Stylists under the guise that they will be able to grow their own business with a sustainable income. Color Street siphons potential workers away from legitimate opportunities with the promises of building a personal business, when these individuals are under Color Street’s control with none of the benefits of proper classification.

100. Color Street’s practices also harm competitors, such as legitimate companies in the beauty and nail care space, who must and do pay wages and benefits at prevailing market rates to market and sell their products. By misclassifying its workers, and paying them only for certain sales, Color Street incurs lower expenses, giving them a competitive advantage over other market participants.

101. The California Legislature specifically considered harms like these in passing AB 5. The legislature recognized “harm to misclassified workers who lose significant workplace protections, the unfairness to employers who must compete with companies that misclassify, and the loss to the state of needed revenue from companies that use misclassification to avoid obligations such as payment of payroll taxes, payment of premiums for workers’ compensation, Social Security, unemployment, and disability insurance” and that “the misclassification of workers as independent contractors has been a significant factor in the erosion of the middle class and the rise in income inequality.” Color Street’s continued misclassification of California workers will exacerbate all these harms to the California public.

³⁶ Abby Vesoulis & Eliana Dockterman, *Pandemic Schemes: How Multilevel Marketing Distributors Are Using the Internet—and the Coronavirus—to Grow Their Businesses*, TIME, Jul. 9, 2020, <https://time.com/5864712/multilevel-marketing-schemes-coronavirus/>.

102. Absent an injunction protecting the public from the negative impacts of Defendants’ illegal activities, including by and through their officers and/or entities in their control, the California public remains at risk from Color Street’s deceptive recruitment strategies and the economic and social harms created by their unlawful practices.

E. Plaintiff’s Experiences as a Color Street Stylist

103. Plaintiff Kristy Fields worked for Color Street as a Stylist from February 2018 to present.

104. When she signed up, Color Street required Plaintiff to adhere to the rules and policies set forth in the Agreement and Policies & Procedures. Plaintiff was not engaged in an independently established trade, occupation, or business as a sales professional and had limited sales experience. Color Street also required Plaintiff to purchase a Starter Kit to become a Stylist.

105. Around the time she signed up, Plaintiff filled out her profile on the Color Street Virtual Office. This included providing her social media information to Color Street, which they could access to monitor her compliance with the Agreement.

106. Color Street also provided Plaintiff with a personalized Color Street website URL for her Replicated Website and a “Stylist ID” number, and instructed her to provide these to prospective customers.

107. At no time was Plaintiff instructed to focus on in-person sales. As a general matter, Plaintiff understood from communications, directives, and practices of Color Street that sales efforts were to be predominately online.

108. In the course of her tenure as a Stylist on behalf of Color Street, Plaintiff predominately marketed Color Street products on various social media platforms, including Facebook and Instagram. To carry out this marketing work, Plaintiff performed the following tasks:

- a) Purchased and tried out Color Street products and learned the product catalog;
- b) Posted on Plaintiff’s social media pages about Color Street products, including brainstorming content, drafting and editing the text, and taking photographs and video recordings for posts, as well as incorporating Color Street-approved messaging for many, if not all, of her posts;

- c) Developed and followed up with Color Street sales leads;
- d) Regularly monitored the Color Street Stylist app as well as Plaintiff's social media pages to engage further with customers, and replied to any direct messages from interested customers;
- e) Hosted online private groups and events over Plaintiff's social media pages;
- f) Evaluated customers' needs, lifestyle, and goals to put together customized Color Street product bundles for her customers;
- g) Participated in efforts to recruit, onboard, train, and/or mentor new Stylists;
- h) Attending meetings with upline and downline Stylists;
- i) Tracked and reported her progress and sales using Color Street products; and
- j) Attended several annual conferences hosted by Color Street, which included several full days of Color Street programming.

109. Plaintiff performed all these tasks regularly throughout her tenure, typically spending about ten to fifteen hours a week, often working for periods of more than two to three hours. At times during her peak involvement, Plaintiff worked over eight hours a day. Plaintiff performed Color Street-related activities throughout the day, nearly every day, often in short increments adding up to two to three hours a day.

110. Plaintiff rarely, if ever, sold to customers in-person, and her advertising and messaging was done online.

111. Plaintiff, like all Stylists, worked under Color Street's pervasive control and direction. Selling Color Street products—the main responsibility of Stylists—is work that is precisely in line with Color Street's usual course of business.

112. Plaintiff paid the following fees and out-of-pocket, work-related expenses throughout her tenure, for which she was not reimbursed by Color Street:

- a) Purchased a Starter Kit;
- b) The required monthly \$9.95 fee each month since signing up;
- c) Color Street-branded merchandise for social media activity and connection;
- d) Non-Color Street-branded sales aids, promotional items, and sales technology;

- e) Fees for conferences and events provided by Color Street and its affiliates;
- f) Travel and lodging to Color Street conferences and events; and
- g) Monthly bills for her cell phone and internet access.

113. During Plaintiff's tenure, Color Street determined the prices at which all products could be sold. She did not have the authority nor ability to sell or advertise prices for Color Street products at a different price. All sales by any customer that Plaintiff referred to Color Street were made through Color Street-controlled platforms.

114. During Plaintiff's tenure, including during the last four years, Plaintiff was not compensated for her time doing any of the forementioned activities, nor paid any overtime.

115. During Plaintiff's tenure, Plaintiff regularly paid out of pocket for expenses related to her work for Color Street. Plaintiff was not compensated for out-of-pocket expenses.

116. The commissions were paid via direct deposit. No paystub was provided that identified hours worked, nor were any employment taxes withheld at any time. For some of Plaintiff's sales, Color Street did not pay commission because the customer returned the products.

V. CLASS ALLEGATIONS

117. Plaintiff incorporates and realleges the above paragraphs.

118. Plaintiff brings this action on her own behalf, as well as on behalf of each and all other persons similarly situated, and thus seeks class certification under California Code of Civil Procedure section 382.

119. All claims alleged herein arise under California law for which Plaintiff seeks relief authorized by California law.

120. Plaintiff's proposed class consists of and is defined as follows:

All current and former Stylists who resided in the State of California or who performed marketing or sales activities in California during the applicable statutes of limitations through the date a class is certified.

121. Plaintiff also alleges the following subclass:

The Above-Standard Minimum Wage Subclass

All current and former Color Street Stylists classified as independent contractors who resided in California cities or counties with a minimum

wage rate greater than the California minimum wage during the applicable statutes of limitations through the date a class is certified. This subclass includes, but is not limited to, residents of Los Angeles (City and County), San Francisco, San Diego, Oakland, and San Jose.

122. Members of the Class will hereinafter be referred to as “Class Members.” Plaintiff reserves the right to redefine the Class and to add subclasses as appropriate based on further investigation, discovery, and specific theories of liability.

123. ***Ascertainable and numerous.*** The Class is ascertainable and numerous such that joinder is impractical. The membership of the entire class is unknown to Plaintiff at this time. However, the class will likely consist of thousands of members, the precise number which is within the knowledge of and can be readily ascertained through Color Street’s records.

124. ***Community of Interest.*** There is a well-defined community of interest amongst Class Members. A class action is superior to all other available methods for the fair and efficient adjudication of this lawsuit because the Class is both numerous and its membership is geographically widespread across California. A class action will achieve economies of time, effort and expense as compared with separate lawsuits, and will avoid inconsistent outcomes because the same issues can be adjudicated in the same manner and at the same time for the entire class. In addition:

125. ***Predominating Common Questions.*** There are numerous questions of law and fact common to the Class which predominate over any questions affecting only individual members of the Class. Among the questions of law and fact common to the Class are:

- a) Whether Color Street misclassified its Stylists as independent contractors when in fact they were Color Street employees;
- b) Whether Color Street failed to pay Plaintiff and Class Members the legally mandated minimum wage for all hours worked;
- c) Whether Color Street failed to pay Plaintiff and Class Members overtime wages;
- d) Whether Color Street failed to timely pay wages due to Plaintiff and Class Members during their employment;
- e) Whether any misclassification by Color Street was voluntary and knowing;

- f) Whether Stylists' duties fall within the Direct Sales Exemption to AB5;
- g) Whether Color Street controlled the manner and means of the Stylists' work;
- h) Whether Color Street failed to reimburse Stylists' business expenses;
- i) Whether Color Street failed to maintain accurate time records for its Stylists;
- j) Whether Color Street failed to provide complete and accurate wage statements to its Stylists;
- k) Whether Color Street failed to pay Stylists their wages due at termination; and
- l) Whether Color Street should be enjoined from continuing the practices described herein.

126. **Typicality.** Plaintiff's claims are typical of the claims of Class Members because Plaintiff, like all members of the Class, worked as a Stylist for Color Street in California, was required to adhere to Color Street's policies, and was paid on a commission basis. Furthermore, like all members of the Class, Plaintiff sustained damages from Color Street's wrongful conduct. Accordingly, Plaintiff has no interests antagonistic to the interests of any other member of the Class.

127. **Adequacy.** Plaintiff will fully and adequately assert and protect the interests of the Class and has retained counsel who are experienced in prosecuting class actions. Plaintiff acknowledges that she has an obligation to make known to the Court any relationship, conflicts or differences with any Class Member. Plaintiff's attorneys, the proposed class counsel, are versed in the rules governing class action discovery, certification, and settlement. Accordingly, Plaintiff is an adequate representative and will fairly and adequately protect the interests of the Class.

VI. FACTS RELATING TO PLAINTIFF AS A PRIVATE ATTORNEY GENERAL

128. At all times set forth herein, PAGA was applicable to Plaintiff's employment by Defendants.

129. At all times set forth herein, PAGA provides that, notwithstanding any other provision of law, any provision of law under the California Labor Code that provides for a civil penalty, including unpaid wages and premium wages, to be assessed and collected by the California Labor & Workforce Development Agency ("LWDA") for violations of the California Labor Code may, as an alternative, be recovered through a civil action brought by an aggrieved employee on behalf of

1 the aggrieved employee and other current or former employees pursuant to procedures set forth in
2 California Labor Code § 2699.3.

3 130. Pursuant to PAGA, a civil action may be brought by an “aggrieved employee,” who
4 is any person that was employed by the alleged violator and against whom one or more of the alleged
5 violations was committed.

6 131. Plaintiff was employed by Defendants and the alleged violations were committed
7 against her and she is, therefore, an aggrieved employee. Likewise, the other Stylists who worked
8 within the relevant time are “aggrieved employees” as defined by California Labor Code § 2699(c)
9 in that they are current or former employees of Defendants and one of more of the alleged violations
10 were committed against them.

11 132. Pursuant to California Labor Code §§ 2699.3 and 2699.5, an aggrieved employee,
12 including Plaintiff, may pursue a civil action arising under PAGA after the following requirements
13 have been met:

- 14 a) The aggrieved employee shall give written notice (hereinafter “Employee’s
15 Notice”) to the LWDA and the employer of the specific provisions of the Labor
16 Code alleged to have been violated, including the facts and theories to support the
17 alleged violations.
- 18 b) The LWDA shall provide notice (hereinafter “LWDA Notice”) to the employer
19 and the aggrieved employee that it does not intend to investigate the alleged
20 violation within sixty (60) calendar days of the postmark date of the Employee’s
21 Notice. Upon receipt of the LWDA Notice, or if the LWDA Notice is not provided
22 within sixty-five (65) calendar days of the Employee’s Notice, the aggrieved
23 employee may commence a civil action pursuant to California Labor Code section
24 2699 to recover civil penalties in addition to any other penalties to which the
25 employee may be entitled.

26 133. Irrespective of any representations to the contrary in this Class Action Complaint,
27 Plaintiff specifically disclaims, at this time, any request for penalties under any provision of PAGA,
28 until such time when all the statutory exhaustion requirements described above have been satisfied.

On February 24, 2025, Plaintiff provided notice by electronic submission to the LWDA and by certified mail to Color Street LLC, Fa Park, Brian J. Lee, and Brick Bergeson regarding the specific provisions of the Labor Code alleged to have been violated, including the facts and theories to support the alleged violations, pursuant to Labor Code § 2699.3. A true and correct copy of that notice letter is attached as **Exhibit B**. An additional notice was sent on March 11, 2025, regarding the remaining Defendants, a true and correct copy of which is attached as **Exhibit C**. The LWDA has not expressly stated that it will intervene or investigate, or otherwise responded regarding Plaintiff's asserted PAGA claims against Color Street herein. If the LWDA does not respond to the letter within 65 days, or elects to investigate but issues no citation within 120 days, Plaintiff will amend their complaint to assert PAGA claims seeking civil penalties against Defendants for violations of California Labor Code §§ 201, 202, 203, 204, 226, 226.7, 510, 512, 558, 1174, 1194, 1197, 1197.1, 1198, 2800 and 2802.

VII. CAUSES OF ACTION

FIRST CAUSE OF ACTION

(Failure to Pay Minimum Wages and Liquidated Damages)
Cal. Lab. Code §§ 1182.12, 1194, 1197, 1197.1, 1198, 558.1, 1194.2, 558(a); IWC Wage Order 4-2001

Against COLOR STREET LLC; INCOCO PRODUCTS LLC; INCOCO CAPITAL LLC; FA PARK; BRIAN J. LEE; BRICK BERGESON; MATT WARNER; and DOES 1–50, inclusive

134. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

135. At all relevant times, California Labor Code §§ 1182.12, 1194, 1197, 1197.1, and 1198 have provided that the minimum wage for employees fixed by the Industrial Welfare Commission is the minimum wage to be paid to employees, and the payment of a wage less than the minimum so fixed is unlawful. California law provides employees in California must be paid for all hours worked, up to 40 per week or eight (8) per day, at a regular time rate no less than the mandated minimum wage. Compensable work time is defined by the applicable wage order as “the time during which an employee is subject to the control of an employer and includes all the time the employee is suffered or permitted to work, whether or not required to do so.” Cal. Code Regs. Tit. 8, § 11070(2)(G) (defining “Hours Worked”).

1 136. As alleged herein, during the relevant time period, Color Street maintained and still
2 maintains a policy of requiring employees to work off-the-clock, without compensation. Color
3 Street only compensates Stylists, including Plaintiff, based on specific sales placed through the
4 Color Street website, and does not pay wages for other hours worked. These hours include time
5 spent doing the following, inter alia:

- 6 a) in training;
- 7 b) making and responding to social media posts;
- 8 c) purchasing inventory from Color Street;
- 9 d) communicating with other Stylists about policies, practices, and sales instructions
10 and guidance;
- 11 e) communicating with customers after their purchases were made to handle routine
12 customer service; and
- 13 f) handling other responsibilities as needed.

14 Plaintiff and Class Members performed these activities throughout the day, nearly every day, often
15 in short increments adding up to two to three hours a day, or more.

16 137. Color Street provided no way for Plaintiff and Class Members to log time spent and
17 submit to Color Street.

18 138. Color Street's failure to pay Plaintiff and Class Members for work, and failure to pay
19 overtime wages owed, also resulted in failures to pay Plaintiff and Class Members the minimum
20 wage required, in violation of California Labor Code §§ 1182.12, 1194, 1197, 1197.1, 1198. In
21 addition, Color Street's failure to pay for hours worked is a violation of various municipal and
22 county codes across the state, including, but not limited to City of Los Angeles Municipal Code Art.
23 7; County of Los Angeles Code § 8.100.040, *et seq.*, San Francisco Cal. Code 12R.

24 139. California Labor Code § 558.1 states that any employer or person acting on behalf of
25 an employer who causes a violation is liable, among other things, for minimum wage violations.
26 *See* Cal. Lab. Code § 558.1. Defendants COLOR STREET LLC; INCOCO PRODUCTS LLC;
27 INCOCO CAPITAL LLC; FA PARK; BRIAN J. LEE; BRICK BERGESON; MATT WARNER;
28

and DOES 1–50, inclusive, failed to pay Plaintiff and other aggrieved employees the minimum wage and all Defendants are liable for causing this violation under § 558.1.

140. As such, pursuant to California Labor Code § 1194.2, Plaintiff and Class Members are entitled to recover liquidated damages in an amount equal to the wages unlawfully unpaid and interest thereon. Pursuant to § 558(a), Plaintiff and Class Members are also entitled to recover unpaid wages and statutory damages in the amount of \$50 for any initial violation per employee for each pay period and \$100 for each subsequent violation per employee for each pay period and interest pursuant to § 218.6.

SECOND CAUSE OF ACTION

**(Failure to Pay Overtime Wages and Liquidated Damages)
Cal. Lab. Code §§ 510, 558.1, 1194.2, 558(a); IWC Wage Order 4-2001**

***Against COLOR STREET LLC; INCOCO PRODUCTS LLC; INCOCO CAPITAL LLC; FA
PARK; BRIAN J. LEE; BRICK BERGESON; MATT WARNER; and DOES 1–50, inclusive***

141. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

142. California Labor Code § 510 and Wage Order No. 4-2001 require employers to pay no less than one and one-half times the regular rate of pay of the employee for hours worked in excess of eight (8) hours in one workday, for hours worked in excess of forty (40) hours in one workweek, and for the first eight (8) hours worked on the seventh day of work in any one workweek, and to pay no less than twice the regular rate of pay of the employee for hours worked in excess of twelve (12) hours in one workday and for any work in excess of eight (8) hours on any seventh day of a workweek. During the relevant time period, Plaintiff and other aggrieved employees worked over 8 hours in a day and/or 40 hours in a week without overtime compensation because Color Street failed to pay them for their work duties, as described above. This was, in turn, due to Color Street's unlawful misclassification of Stylists as independent contractors rather than as employees. On occasions when Plaintiff and other aggrieved employees had already worked eight hours in one day (performing all their work off-the-clock), Color Street failed to pay them any overtime compensation due. Therefore, Plaintiff and the other aggrieved employees were entitled to receive overtime compensation from Color Street that Color Street failed to pay, violating California Labor

Code § 510 and Wage Order No. 4-2001. In addition, Color Street's failure to pay overtime is a violation of various municipal and county codes across the state, including, but not limited to City of Los Angeles Municipal Code Art. 7; County of Los Angeles Code § 8.100.040, *et seq.*, San Francisco Cal. Code 12R.

143. California Labor Code § 558.1 states that any employer or person acting on behalf of an employer who causes a violation is liable, among other things, for overtime wage violations. *See* Cal. Lab. Code § 558.1. Defendants COLOR STREET LLC; INCOCO PRODUCTS LLC; INCOCO CAPITAL LLC; FA PARK; BRIAN J. LEE; BRICK BERGESON; MATT WARNER; and DOES 1–50, inclusive, failed to pay Plaintiff and other aggrieved employees overtime wages and all Defendants are liable for causing this violation under § 558.1.

144. As such, pursuant to California Labor Code § 1194.2, Plaintiff and Class Members are entitled to recover liquidated damages in an amount equal to the wages unlawfully unpaid and interest thereon. Pursuant to § 558(a), Plaintiff and Class Members are also entitled to recover unpaid wages and statutory damages in the amount of \$50 for any initial violation per employee for each pay period and \$100 for each subsequent violation per employee for each pay period and interest pursuant to § 218.6.

THIRD CAUSE OF ACTION

(Failure to Provide Rest Periods or Rest Break Premium Wages)
Cal. Lab. Code §§ 226.7, 558.1; IWC Wage Order 4-2001

Against COLOR STREET LLC; INCOCO PRODUCTS LLC; INCOCO CAPITAL LLC; FA PARK; BRIAN J. LEE; BRICK BERGESON; MATT WARNER; and DOES 1–50, inclusive

145. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

146. California Labor Code § 226.7 and IWC Wage Order 4-2001 require an employer to authorize or permit an employee to take a rest period of ten net minutes for every four hours worked, or major fraction thereof, and such rest periods must be in the middle of the four-hour period insofar as practicable. If the employer fails to provide any required rest periods or fails to provide a fully compliant rest break for a net ten minutes wherein the employee is fully relieved of all duties and all employer control, the employer must pay the employee one hour of pay at the employee's regular

rate of compensation for each workday the employer did not provide a legally required and/or fully compliant rest period.

147. Color Street failed to provide Plaintiff and the Class all required and/or fully compliant rest periods, or compensation in lieu thereof. Color Street employed policies and procedures that ensured Plaintiff and the Class would not receive all legally required rest periods as Color Street improperly classified Plaintiff and the Class as independent contractors rather than as employees and did not authorize nor permit all required rest periods in strict accordance with the timing requirements of all applicable Wage Orders. Color Street similarly employed policies and procedures that rendered rest periods non-compliant with the requirements of California law by, inter alia, failing to relieve Plaintiff and the Class of all duties and all employer control. Color Street further employed policies and procedures ensuring Plaintiff and the Class never received a rest period premium during employment.

148. California Labor Code § 558.1 states that any employer or person acting on behalf of an employer who causes a violation is liable, among other things, for rest period violations. *See* Cal. Lab. Code § 558.1. Defendants COLOR STREET LLC; INCOCO PRODUCTS LLC; INCOCO CAPITAL LLC; FA PARK; BRIAN J. LEE; BRICK BERGESON; MATT WARNER; and DOES 1–50, inclusive, failed to provide Plaintiff and the Class all rest periods or compensation in lieu thereof and all Defendants are liable for causing this violation under § 558.1.

149. As a result, under California Labor Code § 226.7, Plaintiff and the Class are entitled to one additional hour's pay for each day a rest break was missed, late or interrupted, all in an amount according to proof.

FOURTH CAUSE OF ACTION

(Failure to Provide Meal Periods or Meal Premium Wages)
Cal. Lab. Code §§ 226.7, 512(a), 1198, 558.1; IWC Wage Order 4-2001

Against COLOR STREET LLC; INCOCO PRODUCTS LLC; INCOCO CAPITAL LLC; FA PARK; BRIAN J. LEE; BRICK BERGESON; MATT WARNER; and DOES 1–50, inclusive

150. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

1 151. Under California Labor Code §§ 226.7, 512(a), 1198, and IWC Wage Order 4-2001,
2 Color Street was required to provide Plaintiff and Class Members with one thirty-minute meal break
3 free from all duties for all shifts longer than five (5) hours, and a second thirty-minute meal break
4 free from all duties for all shifts longer than 10 hours and a third thirty-minute meal break free from
5 all duties for all shifts longer than 15 hours. Employers covered by the Wage Orders have an
6 obligation to both (1) relieve their employees for at least one meal period for shifts over five hours,
7 and (2) to record having done so. If the employer fails to properly record a valid meal period, it is
8 presumed no meal period was provided. Section 226.7 also requires an employer to pay mandated
9 premiums of an extra hour of wages to any employees who have not been provided with a timely
10 meal or rest break.

11 152. As alleged herein, Plaintiff and the Class regularly worked periods of more than five
12 (5), ten and fifteen hours in a workday without being provided requisite mandatory timely, thirty-
13 minute, duty-free meal periods. Color Street also failed to pay Plaintiff and the Class an additional
14 hour of wages at her regular rate for each workday a meal period and/or a legally compliant meal
15 period was not provided.

16 153. Color Street failed to provide Plaintiff or the other aggrieved employees with an
17 opportunity to take timely, uninterrupted meal periods of the requisite length, free from employer
18 control. Color Street also failed to compensate Plaintiff and the other aggrieved employees properly
19 for the non-compliant meal periods including, inter alia, missed, short, late, and/or interrupted meal
20 periods. Color Street also failed to pay premium wages for the many meals that Plaintiff and the
21 aggrieved employees were deprived of. Indeed, Color Street did not provide any meal breaks or
22 premium compensation for missed breaks to Plaintiff or other aggrieved employees, since Color
23 Street improperly classified its Stylists as independent contractors who were not entitled to meal
24 breaks.

25 154. California Labor Code § 558.1 states that any employer or person acting on behalf of
26 an employer who causes a violation is liable, among other things, for meal period violations. *See*
27 Cal. Lab. Code § 558.1. Defendants COLOR STREET LLC; INCOCO PRODUCTS LLC;
28 INCOCO CAPITAL LLC; FA PARK; BRIAN J. LEE; BRICK BERGESON; MATT WARNER;

and DOES 1–50, inclusive, failed to provide Plaintiff and other aggrieved employees all meal periods or compensation in lieu thereof and all Defendants are liable for causing this violation under § 558.1.

155. As a result, under California Labor Code § 226.7, Plaintiff and the Class are entitled to one additional hour's pay for each day a meal period was missed, late or interrupted, all in an amount according to proof.

FIFTH CAUSE OF ACTION

(Failure to Timely Pay Wages During Employment)
Cal. Lab. Code §§ 204, 210(a), 218.6

Against COLOR STREET LLC; INCOCO PRODUCTS LLC; INCOCO CAPITAL LLC; and DOES 1–50, inclusive

156. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

157. At all relevant times herein set forth, California Labor Code § 204 requires that all wages earned by any person in any employment between the 1st and the 15th days, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 16th and the 26th day of the month during which the labor was performed, and that all wages earned by any person in any employment between the 16th and the last day, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 1st and the 10th day of the following month.

158. California Labor Code § 204 also requires that all wages earned for labor more than the normal work period shall be paid no later than the payday for the next regular payroll period.

159. During the relevant period, Color Street failed to pay Plaintiff and the Class, as well as all other aggrieved employees, all wages due to them, including minimum wages, overtime wages, and meal and rest period premium wages, within any time period specified by § 204. Moreover, Color Street failed to pay Plaintiff or other aggrieved employees earned commissions in a timely and complete fashion.

160. As such, pursuant to California Labor Code § 210(a), Plaintiff and Class Members are entitled to recover stator damages in the amount of \$100 for any initial violation per failure to pay

each employee and \$200 for each subsequent, or willful or intentional violation for each failure to pay each employee, plus 25 percent of the amount unlawfully withheld, and interest pursuant to § 218.6.

SIXTH CAUSE OF ACTION

**(Failure to Keep Requisite Payroll Records)
Cal. Lab. Code § 1174(d), 1174.5**

***Against COLOR STREET LLC; INCOCO PRODUCTS LLC; INCOCO CAPITAL LLC; and
DOES 1–50, inclusive***

161. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

162. California Labor Code § 1174(d) requires an employer to keep, at a central location in the state or at the plants or establishments at which employees are employed, payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments. These records shall be kept in accordance with rules established for this purpose by the commission, but in any case, shall be kept on file for not less than two years.

163. At all times herein set forth, California Labor Code § 1174.5 has imposed a civil penalty of \$500 per aggrieved employee for each willful failure “to maintain . . . accurate and complete records required by subdivision (d) of Section 1174[.]”

164. Color Street has intentionally and willfully failed to keep accurate and complete payroll records showing the hours worked daily and the wages paid to Plaintiff. For example, any records kept by Color Street did not include the hours worked off-the-clock, the premium wages owed, and for missed and non-compliant meal and rest breaks.

165. Plaintiff has been injured by Color Street’s intentional and willful violation of California Labor Code § 1174(d) because they were denied both their legal right and protected interest, in having available, accurate and complete payroll records pursuant to § 1174(d).

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SEVENTH CAUSE OF ACTION**(Failure to Provide Timely and Accurate Wage Statements)****Cal. Lab. Code §§ 226(a), 1198, 226.3, 558.1, 226(e)*****Against COLOR STREET LLC; INCOCO PRODUCTS LLC; INCOCO CAPITAL LLC; FA PARK; BRIAN J. LEE; BRICK BERGESON; MATT WARNER; and DOES 1–50, inclusive***

166. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

167. At all relevant times herein set forth, California Labor Code § 226(a) provides that, at the time of each payment of wages, the employer must provide each employee with an itemized statement showing gross wages earned, total hours worked, all deductions taken, net wages earned, the inclusive dates for which the employee is being paid, the employee's name and last four digits of their social security number, the name and address of the legal entity that is the employer, and all applicable hourly rates in effect during the pay period and all hours worked at each rate.

168. California Labor Code § 1198 provides that the maximum hours of work and the standard conditions of labor shall be those fixed by the Labor Commissioner and as set forth in the applicable IWC Wage Orders. Section 1198 further provides that "[t]he employment of any employees for longer hours than those fixed by the order or under conditions of labor prohibited by the order is unlawful." Pursuant to the applicable IWC Wage Order, employers are required to keep accurate time records showing when the employee begins and ends each work period and meal period.

169. At all times herein set forth, California Labor Code § 226.3 has imposed a civil penalty in addition to any other penalty provided by law of two hundred fifty dollars (\$250) per aggrieved employee for the first violation of § 226(a), and one thousand dollars (\$1,000) per aggrieved employee for each subsequent violation.

170. As alleged herein, Color Street knowingly and willfully failed to provide Plaintiff and the Class with proper, itemized wage statements. Wage statements provided to Plaintiff and the Class did not show total/actual hours worked and all applicable hourly rates in effect during the pay period and all hours worked at each rate. The wage statements provided to Plaintiff and the Class failed to reflect all time spent in training, making and responding to social media posts, making

business expenditures by stocking their own Color Street inventory, and communicating with other Stylists about policies, practices, and sales instructions and guidance. Color Street's refusal to properly record this time, and to include it in its itemized wage statements, or to properly pay its employees for this time was willful and intentional. As a result of these violations, Plaintiff and the Class suffered injury because they were not paid for all hours worked.

171. California Labor Code § 558.1 states that any employer or person acting on behalf of an employer who causes a violation is liable, among other things, for wage statement violations. *See* Cal. Lab. Code § 558.1. Defendants COLOR STREET LLC; INCOCO PRODUCTS LLC; INCOCO CAPITAL LLC; FA PARK; BRIAN J. LEE; BRICK BERGESON; MATT WARNER; and DOES 1–50, inclusive, failed to provide Plaintiff and the Class accurate wage statements and all Defendants are liable for causing this violation under § 558.1.

172. Pursuant to California Labor Code § 226(e), Plaintiff and the Class are entitled to a penalty in the amount of fifty dollars (\$50) for the initial pay period in which a violation occurred, and a penalty of one-hundred dollars (\$100) for each violation in a subsequent pay period, up to an aggregate penalty of four-thousand dollars (\$4,000), as well as costs of suit and attorneys' fees, all in an amount according to proof.

EIGHTH CAUSE OF ACTION

(Failure to Reimburse Business Expenses)

Cal. Lab. Code §§ 450, 2802, 558.1; IWC Wage Order 4-2001

Against COLOR STREET LLC; INCOCO PRODUCTS LLC; INCOCO CAPITAL LLC; FA PARK; BRIAN J. LEE; BRICK BERGESON; MATT WARNER; and DOES 1–50, inclusive

173. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

174. At all times herein set forth, California Labor Code § 2802 has provided and provides that an employer must reimburse employees for all necessary expenditures and losses incurred by the employee in the performance of their job. The purpose of § 2802 is to prevent employers from passing off their cost of doing business and operating expenses on to their employees. *Cochran v. Schwan's Home Service, Inc.*, 228 Cal. App. 4th 1137, 1144 (2014). The applicable wage order, IWC Wage Order 4-2001, paragraph 9(B) provides that: "When tools or equipment are required by

1 the employer or are necessary to the performance of a job, such tools and equipment shall be
2 provided and maintained by the employer, except that an employee whose wages are at least two
3 (2) times the minimum wage provided herein may be required to provide and maintain hand tools
4 and equipment customarily required by the trade or craft.” Color Street’s conduct, in misclassifying
5 their Stylists as independent contractors and failing to reimburse them for expenses Stylists paid
6 that should have been borne by their employer, constitutes a violation of California Labor Code §§
7 450 and 2802.

8 175. Color Street violates California Labor Code § 2802 by having failed, and failing, to
9 reimburse Plaintiff and the Class for their business-related expenses. These expenses include the
10 Starter Kit, mandatory \$9.95/month fee that Color Street charged Plaintiff and the Class, as well as
11 other business expenses, as set forth *supra* § IV.E, which Color Street did not reimburse. And during
12 the relevant period, Color Street required that Plaintiff and the Class use their own personal cellular
13 phones and/or cellular phone data to carry out Color Street’s business operations, but failed to
14 reimburse them for the full costs of their work-related cellular phone expenses. For example,
15 Plaintiff and the Class were required to use a personal cellular phone to make social media posts
16 and communicate with customers and their upline. Plaintiff and the Class also incurred expenses
17 associated with maintaining a home internet connection. Color Street did not reimburse Stylists for
18 these expenses.

19 176. Color Street’s company-wide policy and/or practice of passing on their operating costs
20 to Plaintiff and the Class violates California Labor Code § 2802. At all times described herein, Color
21 Street has acted willfully, and deliberately with oppression, fraud and malice to unlawfully deprive
22 their employees of the employees’ own personal resources in furtherance of Color Street’s profits.

23 177. California Labor Code § 558.1 states that any employer or person acting on behalf of
24 an employer who causes a violation is liable, among other things, for failure to reimburse business
25 expenses. *See* Cal. Lab. Code § 558.1. Defendants COLOR STREET LLC; INCOCO PRODUCTS
26 LLC; INCOCO CAPITAL LLC; FA PARK; BRIAN J. LEE; BRICK BERGESON; MATT
27 WARNER; and DOES 1–50, inclusive, failed to reimburse business expenses to Plaintiff and the
28 Class and all Defendants are liable for causing this violation under § 558.1.

178. As a result of Color Street's failure to reimburse Plaintiff and the Class for all business-related expenses, pursuant to California Labor Code § 2802, Plaintiff and the Class are entitled to recover unreimbursed business expenses, plus attorneys' fees and costs, in an amount according to proof.

NINTH CAUSE OF ACTION

(Unfair Competition)

Bus. & Prof. Code § 17200 *et seq.*

Against COLOR STREET LLC; INCOCO PRODUCTS LLC; INCOCO CAPITAL LLC; and DOES 1-50, inclusive

179. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

180. From a date unknown to Plaintiff and continuing to the present, Color Street has and continues to engage in business acts or practices that constitute unfair competition as defined in the Unfair Competition Law, Business and Professions Code § 17200 *et seq.*, in that such business acts and practices are unlawful and unfair within the meaning of that statute.

"Unlawful" Prong

181. Color Street has violated section 17200's prohibition on unlawful conduct through the following violations:

- a) Failing to pay minimum wages, as set forth in the First Cause of Action;
- b) Failing to pay overtime wages, as set forth in the Second Cause of Action;
- c) Denying rest periods and/or failing to pay rest break premium wages, as set forth in the Third Cause of Action;
- d) Failing to provide meal periods and/or pay associated premium wages, as set forth in the Fourth Cause of Action;
- e) Failing to timely pay wages during employment, as set forth in the Fifth Cause of Action;
- f) Failing to keep requisite payroll records, as set forth in the Sixth Cause of Action;
- g) Failing to provide timely and accurate wage statements, as set forth in the Seventh Cause of Action; and

h) Failing to reimburse business expenses, as set forth in the Eighth Cause of Action.

182. The forgoing unlawful conduct of Color Street alleged herein constitutes unfair competition within the meaning of California Business and Professions Code § 17200 *et seq.*

“Unfair” Prong

183. Color Street has violated California Business and Professions Code § 17200’s prohibition on unfair conduct by engaging in each of the forgoing unlawful acts.

184. Furthermore, as set forth *supra* Section IV.B.6, Color Street has violated § 17200’s prohibition on unfair conduct by unfairly and unconscionably structuring its Agreement and business activities in a way that does not create meaningful opportunities for Stylists earn a fair wage and/or commission for their work. Color Street used its superior bargaining power, superior market power, and take-it-or-leave-it Agreement to prevent Stylists from exercising discretion and accessing tools and resources needed to market the products effectively and competitively to generate profits. And Color Street further undermined Stylists’ ability to earn compensation by engaging in activities in competition with the Stylists, by for example, maintaining the exclusive right to disseminate online advertising to any customer sales leads generated by the Stylists and selling products via Amazon.com. By denying Stylists meaningful opportunities to earn fair commission, Color Street also unfairly incentivized Stylists to divert time and attention away from marketing the sale of products to retail customers to marketing the opportunity to become a Stylist to unsuspecting members of the California public. So long as Defendants continue these unfair practices, the California public remains at risk for being recruited into Color Street and similarly harmed.

185. Color Street’s unfair acts were in contravention of public policy. California public policy encourages the proper classification of workers to ensure that workers are fairly compensated and provided the full benefits and protections of employment, competitors are operating in a fair and honest marketplace, and the state is not deprived of tax revenue.

186. Color Street’s unfair acts were immoral, unethical, oppressive, unscrupulous, and substantially injurious to the Class and general public. Color Street knowingly and willfully classified the Stylists as independent contractors. And it knowingly and willfully structured an

1 unfair and unconscionable Agreement that did not provide for meaningful opportunities to earn
2 compensation, while engaging in business activities that would further frustrate Stylists' efforts to
3 earn compensation.

4 187. The impact on the Class and general public is not outweighed by any countervailing
5 benefits. To the extent any benefits inured to Plaintiff, the Class, and the general public, those
6 benefits are outweighed by the impact of Defendants' unfair acts. Stylists, including Plaintiff,
7 incurred substantial costs in working as Stylists, and were not paid appropriately and fairly for their
8 time and efforts. They could have chosen other opportunities or invested that time and money into
9 other legitimate and fairly paying endeavors.

10 188. As a result of Color Street's unfair competition as alleged herein, Plaintiff and the
11 Class have suffered injury in fact and lost money or property, as described in more detail above.
12 Pursuant to California Business and Professions Code § 17200, *et seq.*, Plaintiff and the Class are
13 entitled to restitution of all wages and other monies rightfully belonging to them that Color Street
14 failed to pay and wrongfully retained by means of its unlawful and unfair business practices, and
15 and/or all other equitable remedies that may be available.

16 189. To prevent Color Street from continuing to prey on the California public through their
17 misclassification of their Stylists, and recruitment of new Stylists under these false pretenses,
18 Plaintiff and the Class also seek a public injunction against Defendants enjoining Color Street, and
19 any and all persons acting in concert with them, from engaging in each of the California Labor Code
20 violations set forth herein and from recruiting new Stylists or authorizing others to recruit new
21 Stylists, under a misclassified status, including making representations about that status and the
22 commission-based compensation structure.

23 **VIII. PRAYER FOR RELIEF**

24 WHEREFORE Plaintiff and the Class pray for judgment and relief as follows:

- 25 (1) An order certifying that this action may be maintained as a class action, that
26 Plaintiff be appointed Class Representative, and that Plaintiff's counsel be
appointed Class Counsel;
- 27 (2) Statutory penalties and compensatory damages as authorized under the California
28 Labor Code;

- (3) Civil penalties pursuant to California's Private Attorneys General Act;
- (4) Restitution and all other equitable remedies pursuant to California's Unfair Competition Law;
- (5) Public Injunctive relief, pursuant to California's Unfair Competition Law, prohibiting Color Street, its officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, whether acting directly or indirectly, in connection with the management, hiring, or coordination of Stylists, or the advertising, promotion, or recruitment of new Stylists, from:
 - a. Engaging in the California Labor Code violations as alleged herein, including classifying Stylists as non-employees or independent contractors;
 - b. Recruiting new Stylists or authorizing others to recruit new Stylists, under a misclassified status, including making representations about that status and the commission-based compensation structure.
- (6) Punitive damages against the individual officer, director or managing agent Defendants pursuant to Cal. Civil Code § 3294;
- (7) Reasonable attorneys' fees pursuant to the California Labor Code, including §§ 226(e), 2699(g), and Code of Civil Procedure § 1021.5;
- (8) Costs of this suit per California Labor Code § 2699(g);
- (9) Pre- and post-judgment interest pursuant to Labor Code section 218.6; and
- (10) Such other and further relief as the Court may deem just and proper.

IX. DEMAND FOR TRIAL BY JURY

Plaintiff and the Class hereby demand trial by jury on all issues in this complaint that are so triable as a matter of right.

DATED: March 17, 2025

CLARKSON LAW FIRM, P.C.

By: /s/ Kristen G. Simplicio
 Kristen G. Simplicio
 Glenn A. Danas
 Katelyn Leeviraphan
 Laura E. Older
 Cody Laux

Attorneys for Plaintiff and Putative Class

Exhibit A



Policies and Procedures

USA

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INTRODUCTION

Color Street, LLC ("Color Street" or "Company") is a fast growing direct-to-consumer beauty and cosmetics company that is empowering entrepreneurial Independent Stylists to start their own businesses. Color Street sells an exclusive line of exciting and unique products. For more information, you can visit www.colorstreet.com.

Color Street Culture and Values

At Color Street, culture and values are vitally important both to the company and to its Independent Stylists. We developed these Policies & Procedures to protect our culture, and by sharing our values we hope to ensure that each Independent Stylist operates by a common set of rules that is fair for everyone involved.

At Color Street, we take pride in professionalism, honesty, and equality. Our constant aim is to emphasize and affirm the full participation of persons in all business activities and rewards without regard to race, religion, color, sex, sexual orientation, disability, age, or national origin. It is extremely important that these values are also held by our Independent Stylists. As a company, we remain committed to opportunity, inclusion, equity, and the belief that every human has inherent worth and dignity. Because Color Street believes strongly in inclusiveness, we actively promote diversity and fair dealing among our employees and Independent Stylists—in fact, we do so in all aspects of our business. In our culture, every human being has inherent worth and dignity, so we work to ensure that our employees and Independent Stylists treat each other and all other persons with kindness and respect.

Below are the ways in which we expect you to represent Color Street:

- Maintaining a high standard of professionalism and integrity with customers, colleagues, and all other members of the Color Street Home Office;
- Providing genuinely useful customer service as you develop long-term customer relationships; and
- Avoiding negative comments about your colleagues, clients, the Home Office, Corporate Officers, the Compensation Plan, or Color Street's products. If you are unhappy with any aspect of Color Street's policies, the best way to deal with it is to give feedback directly to your Enroller or the Color Street Home Office.

The values above are very important to Color Street. If you do not operate according to them at all times, our relationship with you as a Color Street Independent Stylist may be terminated. Thank you in advance for always operating with the Color Street values in mind.

General Conduct

In addition to adhering to the Color Street Culture and Values described above, Independent Stylists agree that they will safeguard and promote the good reputation of Color Street and its products. They also agree to avoid all illegal, deceptive, misleading, unethical, or immoral conduct or practices, and to exhibit high moral character in their personal and professional conduct. Independent Stylists shall not engage in any conduct that may damage the Company's goodwill or reputation. While it is impossible to specify all misconduct that would be contrary to this policy, and the following list is not a limitation on the standards of conduct to which Independent Stylists must adhere pursuant to this policy, the following standards specifically apply to Independent Stylists' activities:

- Deceptive conduct is always prohibited. Independent Stylists must ensure that their statements are truthful, fair, accurate, and are not misleading.
- If an Independent Stylist is terminated for any reason, the Independent Stylist must discontinue using the Color Street name, and all other Color Street intellectual property, and all derivatives of such intellectual property, in postings on all social media, websites, or other promotional material. Intellectual Property means all existing and future intellectual property which Color Street claims to own, or claims a right to use, including but not limited to trademark rights, trade name rights, copyrights (inter alia on the content of its publications), design rights, patent rights, knowhow, trade secrets, domain names, whether registered with relevant governmental authorities or not, and any interests and claims related to the aforementioned intellectual property rights including any right to apply, register, renew, extend and/or claim priority from such right.

- Independent Stylists may not represent or imply that any state or federal government official, agency, or body has approved or endorses Color Street, its program, or its products.
- Independent Stylists must not engage in any illegal, fraudulent, deceptive, or manipulative conduct in the course of their business or their personal lives that, in the Company's sole discretion, could damage the Company's reputation or the culture that exists within the field-sales force.

Color Street does not permit or condone any conduct that promotes discrimination, profanity, abusive or illegal activity in any form whatsoever. Stylists that engage in any such behavior may be disciplined, on a case-by-case basis, which may include suspension and /or termination. Color Street also has rules regarding proper conduct in connection with Social Media which can be found in Section 4c, hereto.

Questions and Support

If you have questions about any part of the Independent Stylist Agreement or these Policies & Procedures, you can discuss them with your Enroller. Also, you are always welcome to contact the Color Street Compliance team at compliance@colorstreet.com.

SECTION 1: GETTING STARTED AS AN INDEPENDENT STYLIST

1a – Qualifications

You become a Color Street Independent Stylist once you have completed the Independent Stylist Agreement and it has been received and accepted by the Home Office. Here are the requirements to be a Color Street Independent Stylist. You must:

- Be 18 years of age or older;
- Reside in the United States, a U.S. Territory, or any country that Color Street has officially announced in writing is open for business.
- Have a valid SSN, EIN, or ITIN;
- Have legal authority to conduct business and earn income in the United States;
- Have an address to which products, correspondence and other items may be sent, in the United States, the District of Columbia, Puerto Rico, Guam, or a U.S. military base, as permitted by the base commander;
- Not be a current employee, officer or director of Color Street and/or its affiliates, or the spouse or registered domestic partner of the foregoing;
- Provide a valid email address not already associated with another Independent Stylist;
- Always have a valid payment method on file; and
- Purchase a Starter Kit (Applicants who live in North Dakota do not have to purchase a Starter Kit.).

1b – Independent Contractor Status

Independent Stylists shall not be treated as employees of Color Street, LLC for all purposes including, without limitation, all federal, state, or local statutes, rules, regulations, directives, ordinances, guidance, and other laws, including without limitation, the Internal Revenue Code and all state tax, revenue and employment laws and regulations. Independent Stylists are not entitled to the benefits that Color Street may make available to its employees. Independent Stylists are self-employed, non-exclusive independent contractors who are authorized by Color Street to market and sell the Color Street products and sponsor other Independent Stylists in the 50 United States, the District of Columbia, Puerto Rico, and Guam. Independent Stylists are not employees, partners, agents, franchisees, or legal representatives of any Color Street company. Except to the extent necessary to comply with legal requirements and/or protect the Company's intellectual property and brand reputation, Color Street does not exercise control over the manner or means by which Independent Stylists sell Color Street products, enroll others into the program or otherwise operate the Independent Stylist Agreement. As an Independent Stylist, you ultimately rely on your own independent skills in conducting your business and bear the full risk of loss in your business. Independent Stylists shall establish their own goals, hours, place of business, and method of sale, so long as they comply with the Independent Stylist Agreement. Independent Stylists may not state (expressed or implied) that you are an employee of Color Street, and you must not state to any prospective Independent Stylist that they will become an employee of any Color Street Company. Independent Stylists have no authority, and shall not represent that they have any authority, to bind Color Street to any obligation, contract or agreement. Independent Stylists are responsible for paying all applicable local, state, and federal taxes due from any amounts earned through the Independent Stylist Agreement and subsequent Compensation Plan. There is no guarantee that there is or ever will be a market for the Color Street products or that Stylists will earn income or will not lose money.

1c – Stylist Application and Acceptance

Once an applicant has submitted a properly completed Independent Stylist Agreement, paid for the Basic Business Kit, subscribed to eSuite, and submitted any other documents that Color Street may require, created a password and Color Street has accepted and processed the Independent Stylist Application, the Applicant will become an Independent Stylist and will be assigned a unique Identification Number. Independent Stylist Identification Numbers are intended for use by the Independent Stylist to which it was assigned. Independent Stylists are responsible for any activity that is conducted using the Identification Number. Similarly, Passwords are considered Confidential Information and should not be shared with anyone, as it unlocks the Stylist Virtual Office where all pertinent and key organizational reports, performance history, and records are kept. Additionally, it is the responsibility of the Independent Stylist to provide the correct Identification Number in all communications, verbal and written, to Color Street. The Independent Stylist Identification Number must be used by that Independent Stylist to identify him or herself to Color Street and is required for most transactions.

If an Independent Stylist Application is incomplete or inaccurate, or if Color Street does not receive acknowledgement of the eSuite subscription fee, the Independent Stylist Application may be rejected or Color Street may provisionally accept the Application pending receipt of all required information or the payment, but the Applicant will not be entitled to any Compensation unless and until the Application is finally accepted by Color Street. An Independent Stylist Application may be accepted or rejected for any reason, or no reason, in Color Street's sole discretion. If Color Street rejects the Application, then the Applicant will not become an Independent Stylist and any position created will be terminated. In these cases, a refund may be issued for the Basic Kit purchase.

1d – Team Structure

Color Street has a team structure that resembles a family tree; it shows the relationship between Independent Stylists and their Sponsors. Your Enroller is the person who enrolled you when you first entered Color Street. Most of your training and information will be available to you either through the Virtual Office or through your Enroller/Sponsor and their upline leader(s).

1e – No Inventory Requirements

Independent Stylists must never purchase more products than they can reasonably use or sell to retail customers in a month and must not influence or attempt to influence any other Independent Stylist to buy more products than they can reasonably use or sell to retail customers in a month. Independent Stylists are not required to buy or carry inventories of any specific amount of Color Street's products. Independent Stylists may earn commissions and rewards without the need to carry any inventory. If you choose to buy Color Street's products, you can order them directly from Color Street via the Color Street website or through the Independent Stylist's Personal Website (PW).

The Color Street program is built on sales to the ultimate consumer. Color Street encourages its Independent Stylists to only purchase inventory that they and their family will personally consume, will be used as a sales tool, or will be resold to others for their ultimate consumption. Independent Stylists must never attempt to influence any other Independent Stylists to buy more products than they can reasonably use or sell to retail customers in a month. Purchasing product solely for the purpose of collecting bonuses or achieving rank is prohibited. Color Street retains the right to limit the amount of purchases you may make if, in our sole judgment, we believe those purchases are being made solely for qualification purposes instead of for consumption or resale. Furthermore, falsely representing the sale or use of Color Street products is grounds for termination of the applicable Independent Stylist Agreement. Color Street reserves the right to require further documentation concerning any large orders to ensure compliance with this Section.

1f – Inventory Handling

Independent Stylists may not re-package, re-label, alter, or tamper with any Color Street products, and shall not sell or distribute Color Street products that have been opened, tampered with, altered or damaged in any way. Independent Stylists shall properly store any Color Street products intended for sale to avoid any damage or degradation to the products and shall not sell any Color Street products after the printed expiration or "best before" date, should there be one. Re-labeling and re-packaging can violate federal and state laws, which may result in criminal or civil penalties or liability.

1g – Purchase Limitations/Inventory Loading

All Independent Stylist purchases of Color Street products in excess of \$800.00 during any calendar month are subject to review by Color Street. Such orders must be supported by receipts retained by an Independent Stylist demonstrating they were sold to at least three (3) different Retail Customers and/or provided as incentives to at least three (3) different individuals. Also, as part of this review, and in addition to the sales receipts, Independent Stylists may be required to provide a monthly sales record detailing the date of the sale to a retail Customer, the retail Customer's name, address, and/or phone number, the products sold, the method of payment, and the total sale amount. Color Street reserves the right to rescind qualifications for Recognition, Rank Advancements, Achievement Rewards, including incentive trips, or to claw back Commissions, in instances in which the Independent Stylist is found to have placed excessive orders, whether those orders are placed in his or her own Independent Stylist account or via a Customer account. Any time receipts cannot be provided, when requested, the Independent Stylist will be placed on automatic suspension for a duration Color Street determines at its sole discretion. Any suspicious or fraudulent activities are subject to review. Independent Stylists must cooperate with the investigation regarding suspicious or fraudulent activities.

1h – Bulk Orders

A “Bulk Order” is an order for more than 20 pieces of the same item (same SKU #). We recognize that there may be special situations in which you or your customers may need to place a Bulk Order. This could be for charity or other events, and we are willing to fulfill a Bulk Order if inventory allows.

We do not offer discounts, waive shipping costs, or accept returns on Bulk Orders. Please be sure to communicate this with your customers before completing their order. If you would like, you may offer your customer a discount or promotion on a ‘Bulk Order’ from your personal commissions. This would be an agreement between you and your customer and Color Street is not responsible for such agreements.

To ensure that all Independent Stylists have equal opportunity to sample new products, ‘Bulk Orders’ for newly released products may not be approved within thirty (30) days of release.

1i – Stacking

“Stacking” is strictly prohibited. While the compensation plan includes a strategic placement feature, stacking occurs when an Independent Stylist gifts a new enrollment to another Independent Stylist in the downline to help quickly advance and rank through the Compensation Plan or earn an enrollment-based incentive of any kind. In order to ensure stacking does not occur, and for the strategic placement feature to align with the Color Street Compensation Plan, the new stylist, as well as both the enroller and new sponsor, must (1) agree to the move, and (2) the new sponsor is willing to support and train the new stylist, and (3) have documentation to support that all parties have agreed to the strategic placement.

Stacking includes: (a) providing financial assistance to new Independent Stylists for the purpose of maximizing compensation pursuant to Color Street’s Compensation Plan; (b) violating Section 1j below; and/or (c) placing a new Independent Stylist in any downline organization with the intent of manipulating the compensation plan through “gaming” thus acquiring financial gain in a manner not intended or permitted.

1j – Advancement and Bonus Buying

Each Independent Stylist must directly join Color Street and purchase products on his or her own volition. Advancement and Bonus Buying, along with the action of Stacking, is strictly and absolutely prohibited in all circumstances and is taken very seriously. Bonus Buying may result in immediate termination of your Independent Stylist Agreement.

‘Bonus Buying’ includes, but is not limited to, the following:

- 1.** The enrollment of:
 - a.** Individuals into an Independent Stylist Agreement without their knowledge (“Slamming”);
 - b.** A non-existent individual as an Independent Stylist or Customer (“Phantoms”);
 - c.** An existing Independent Stylist under a different account or with an alias name.
- 2.** The unauthorized use of a credit card or use of a fraudulent credit card.
- 3.** Subsidizing all or part of a customer purchase to count toward your volume or toward another team member’s volume. This would include the use of gift cards to offset any purchases.
- 4.** Subsidizing all or part of a new Starter Kit purchase to add a new Independent Stylist to your team.
- 5.** No sharing customer orders or effecting the placement of customers’ orders amongst downline Independent Stylist accounts; including sending links of other Independent Stylists to your customers for the purpose of qualification, rank advancement, commissions, incentives, rewards, or bonuses.
- 6.** Purchasing products or placing customers, either through your account or a downline team member’s account to:

- a. Qualify for contests, promotions, personal sales requirement for bonus commissions or Paid Rank;
 - b. Avoid Compression;
 - c. Increase sales or Host Rewards;
 - d. Qualify a Beauty Social.
7. The practice of 'Inventory Loading' or encouraging others to do so. Inventory Loading refers to forcing Downline Independent Stylists or customers to buy a large number of products in order to get benefits from those sales. (See 1g)
8. Any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions, or bonuses that is not driven by bonafide product purchases by retail customers.

Upon discovery of any Advancement or Bonus Buying, Color Street, at its sole discretion, may impose sanctions against the Independent Stylist, which may include but is not limited to, final warning, suspension and/or termination. Additionally, the Independent Stylist will forfeit the right to participate in any Leadership bonus or earned trip. A repeat offense may result in immediate termination.

1k – Virtual Office Access

Color Street makes online virtual offices available to its Independent Stylists. The Virtual Office (VO) provides Independent Stylists access to confidential and proprietary information that may be used solely and exclusively to promote the development of an Independent Stylist's Color Street business and the marketing of Color Street products. Access to the VO is a privilege, and not a right. Color Street reserves the right to deny Independent Stylists access to the VO at its sole discretion.

SECTION 2: CONDUCTING BUSINESS AS AN INDEPENDENT STYLIST

Color Street is a direct-to-consumer business, so the bulk of your success will depend on how well you can develop positive relationships. This need to support relationship building explains why Color Street tries to discourage customers from making one-time, impulse purchases and instead steer them toward a long-term customer relationship with you as an Independent Stylist. Selling methods vary – from in-person Beauty Socials and other Sales Events to "live" events on social media to networking and offering personalized service to customers. To the greatest extent possible, we encourage you to build long-term business relationships with customers.

2a – Commissions Policy

With Color Street, you have the opportunity to earn income on the sale of Color Street products. Your earning capacity depends on your active status as an Independent Stylist, your hard work and dedication and your monthly Paid Rank. The money you earn includes commissions from your personal sales volume as well as team commissions that are earned for a given commission period. You can always view your activity and track your progress in your Virtual Office. To get more details about commissions, please read the full version of the Compensation Plan available in your Independent Stylist Virtual Office.

Commission payments will be issued in your official account name and *cannot be paid otherwise*. If you have any issues or discrepancies with your commission report, please contact Customer Service right away to have it resolved.

2b – Adjustments to Commissions

If a product is returned to Color Street for a refund, is repurchased by the Company, or if a chargeback for a fraudulent order occurs, the compensation that would have gone to you for that sale of the returned or repurchased product(s) will be recovered by the Company. A compensation that has already been paid to you on products that undergo chargeback, refund, or repurchase is considered unearned compensation. Unearned compensation will be deducted from any earnings to be paid during the month in which the refund is issued or in which the chargeback occurs. No past rank or title will be affected, but the negative volume from the refund or chargeback will affect the month in which the refund or chargeback is processed. If there are not enough funds to cover the full refund, deductions will continue every pay period until the

commission is recovered. These deductions will be taken from the Independent Stylist and from any Upline Independent Stylists who also received commissions on the sales of the refunded products. Refunds and chargebacks will not be processed the last two (2) business days of each month so as to enable Independent Stylists to manage their end-of-the-month sales volume and rank qualifications.

Color Street reserves the right to withhold some or all of an Independent Stylist's compensation as is necessary to recover unearned compensation or to comply with any wage garnishment or court order directing Color Street to retain, hold, or redirect such compensation to a third party.

2c – Reporting Commission or Genealogy Errors

If an Independent Stylist believes that Color Street has made an error in their compensation, the structure or organization of their genealogy, or any other error that impacts the Independent Stylist's income – whether the error is in the Independent Stylist's favor or the Company's favor – they must report it to the Company in writing within 60 days from the date on which the mistake occurred. While Color Street shall use its best efforts to correct errors reported more than 60 days after the date of the error, Color Street shall not be responsible to make changes or remunerate Independent Stylists for losses for mistakes that are reported more than 60 days after the mistake occurs.

2d – FTC Three-Day Cooling Off Rule

Independent Stylists who sell products directly to customers must provide their retail customers with two (2) copies of an electronic or printed receipt at the time of the sale and advise them of the three (3) day right to rescind the transaction, which is set forth on the receipt. Independent Stylists must maintain all retail sales receipts for a period of two (2) years and furnish them to Color Street at the Company's request. Retail customers who purchase products from an Independent Stylist's PW need not be provided with a sales receipt as the receipt will automatically be sent by the Company via email at the time the order is placed.

The Company has a retail customer guarantee policy. Regardless, all retail sales must still comply with the FTC Three-Day Cooling Off Rule. This rule requires that you use statutory language and notice of cancellation on the retail sales receipt. The three-day right of cancellation must be orally explained to the customer and the customer must receive two (2) copies of the notice-of-cancellation form.

2e – Order Forms

Since you are responsible for ensuring the security and confidentiality of the personal information you obtain from customers, be sure to shred credit card information immediately after entering a customer's order in the Virtual Office. Do not use or disclose the information on order forms for any purpose other than submitting an order or confirming the information with the customer.

2f – Personal Website Orders

When a customer orders through your PW, the system adds them to your contact list for purposes of follow-up and marketing. While credit card information is not stored in your Virtual Office, a customer's contact information is securely stored there. Hosts will also automatically be added to your contact list when a Beauty Social is booked. Keep this sensitive information confidential.

2g – Beauty Socials

Beauty Socials are intended as a venue for Stylists to share the Color Street products by tapping into their personal connections (friends, family, colleagues, etc.) so that they may expand their network. Stylists are permitted to be the host of their own Beauty Socials; however, Stylists are required to have a minimum of three orders and may not be the only source of product purchases on Beauty Socials.

In Beauty Socials, Hosts get rewards for certain tasks they perform, and these Host Rewards stop accruing when the Beauty Social is closed. Independent Stylists may make themselves the Host for a Beauty Social; however, Independent

Stylists are not allowed to earn booking rewards for Beauty Socials they host, since the purpose of the booking program is to entice and reward future bookings.

2h – Orders, Service, No Backorders

You must process customer orders in a timely manner. You must also provide follow-up service and/or assist customers with returns and questions whenever it is needed—even if it happened outside the period in which you would get compensated for the order. Orders should not be held for your benefit, such as for incentive programs or to count toward next month's commission, if doing so is not in the customer's best interest. Any out-of-stock items cannot be ordered until they are back in stock.

2i – No Discounts in Public Forums

Color Street wants to provide a level playing field for all our Independent Stylists. So, you are not allowed to offer discounts in any public forum. This includes but is not limited to discounts such as "25% off everything at my Sales Event", "Place an online order today and receive 15% off", and "Free shipping on all orders", or any sweepstakes such as "join today and be entered in a drawing." Any other type of offers that lower the retail price of Color Street products are restricted.

We consider a public forum to include the following:

1. Open/public social media platforms on any online site, or in any advertisement.
2. "Closed" social media groups or pages which have as members people who are not your contacts and who have not opted into your closed group or page.
3. Booth events: Events at which an Independent Stylist has a booth and is promoting the business and/or selling Color Street products. This means Independent Stylists must sell at retail prices at booth events.

The only offers that are permitted in public are:

1. Offers that are promoted company wide.
2. Two-finger testers:
Since we understand the importance of incentives to attracting customers, we will permit Independent Stylists to offer free samples of a two-finger tester and to promote that offer in public.
3. You may offer occasional, specific incentives, which must have a time limit attached to them; these incentives must be offered individually or in a closed or private group on social media that only includes your contacts who have opted into your closed group.

Independent Stylists are not permitted to offer any join specials. You must never discount the Starter Kit under any circumstances – whether public, private, or one-on-one situations. Color Street will not allow the Starter Kit to be discounted. The only exception is if the Company itself publishes a limited-time company-wide offer made to all prospective Independent Stylists.

As long as these guidelines are followed, you will be allowed to personally stand the cost of any specific, private promotions for your customers in any way you see fit.

Please see Section 4p – Sales through Other Internet Sites for more information.

2j – Sweepstakes, Lotteries, Raffles, Giveaways, and other Prize Contests

Lotteries are heavily regulated by federal, state, and local laws in both the U.S. and Canada, and additionally by the terms of use by all major online platforms. Independent Stylists may not use sweepstakes, lotteries, raffles, drawings, contests, or other similar organized promotions when promoting the Color Street opportunity or recruiting a new Stylist with any monetary or non-monetary incentive, promotion, prize, bonus, or other benefit (i.e., purchase of the business kit).

In addition, Independent Stylists may not offer giveaways or specials that require an "opt-in" option or lottery, as this is considered enticement. Independent Stylists may make offers, propose special prices, or give an extra item with a purchase in their private VIP groups, if an option for "no consideration" is also provided; that is, without making someone spend time or money to participate.

For example:

1. If an Independent Stylist were to conduct a drawing among everyone who hosted a party, that is fine. One of the benefits they earned by holding the party was free and discounted product, another benefit they earned was a drawing entry. If, however, an Independent Stylist were to sell boxes on a grid for \$5 each and then conduct a drawing where one person wins, that would be considered an illegal sweepstakes.
2. If an Independent Stylist were to have a Beauty Social and placed each attendee's name in a box just for attending (no consideration), then the Independent Stylist could offer the attendees more chances to have their name added to the box by fulfilling a requirement (i.e., nail strip purchase, answering a question right, etc.). The only exception would be for enrollment.

An Independent Stylist may, on their public social media profile page, encourage individuals on their friends list to join a closed VIP group by promoting that there is a giveaway available and to join the group to get more information. If an Independent Stylist does not have a VIP Group, they may offer individuals on their friends list to join their customer list by providing their email address via a direct message. No public exchange of email addresses is permitted. If an amount is associated with the giveaway, it may not exceed \$50 USD. It is the sole responsibility of each Independent Stylist to be aware of all limitations set by the online platform. Color Street will not be responsible for any post that violates the rules set by an online platform.

The above referenced promotion is not a means to circumvent other sections in these Policies & Procedures. Please see *Section 2i – No Discounts in Public Forums* and *Section 4c- Social Media* for other important information.

2k - Military Bases (Domestic, APO, FPO)

Color Street can ship to domestic military bases as well as APO and FPO addresses. If you are at a base, please ask the appropriate personnel at the military base(s) whether a business license or other requirement is required.

2l – Corporate Leads

Corporate Leads are customers or prospective customers who visit our Corporate Websites to place an order, enroll as a new Independent Stylist, or request information. Leads are asked to provide their postal codes so that they can be assigned an Independent Stylist with a Paid Rank of Qualified Stylist or higher who lives within a 25-mile radius of the area covered by the Corporate Lead's postal code. Once the data has been pulled, if there are five (5) or fewer results, all results will be displayed. If there are more than five (5) results for the area, the five Stylists with the highest points (based on a weighted point system that factors in Personal Volume, enrollments, Jump Start Enroller Bonus achievement, and Paid Rank from the last finalized commission period) will be displayed. Results are displayed from the highest number of points to the lowest number of points. If an Independent Stylist with a Paid Rank of Qualified Stylist or higher is not found in the postal code area, the online locator will expand the radius until a result is found.

2m – Training Events

Color Street's Home Office and Field Leaders will regularly offer events such as regional trainings and National Sales Conferences. These events are designed to provide you with the training and information you need to build your business, and we recommend that you attend as many of these meetings as possible. You will learn more about new styles, incentive and training programs and get business updates that will be of benefit to you. These events are also excellent networking opportunities, as they will allow you to connect with other Color Street Independent Stylists and sales leaders. You can learn more about these events in your Virtual Office.

2n – Earnings, Income Claims / Lifestyle Representations Prohibited

Color Street expressly prohibits Independent Stylists from making any direct or indirect earnings representations or projections about amounts earned by them or other Independent Stylists. Income claims or earnings representations (collectively "Income Claims") include (a) statements of actual earnings, (b) statements of projected earnings, (c) perks/rewards received, (d) income testimonials, (e) lifestyles afforded, and (f) hypothetical claims. Independent Stylists may not

display in any manner for recruiting purposes or any other reason, commission checks, or make specific income claims or representations.

Lifestyle claims are typically statements, or pictures involving large homes, luxury cars, exotic vacations, or other items suggesting or implying wealth. They also consist of references to the achievement of one's dreams, retiring from a corporate position, becoming your own boss, or allowing a spouse to quite his or her job. Claims like, "my Color Street income exceeded my salary after three months in business," or "my Color Street business has allowed my spouse to stay home and be a full-time parent" all fall under the purview of lifestyle claims that are to be avoided. Independent Stylists may make lifestyle claims (including pictures) only if the following conditions are met:

- (i) The information is accurate and not misleading;
- (ii) The information must be based on your experience and actual compensation while fully disclosing the amount earned and lost by all Independent Stylists;
- (iii) The level of effort required to achieve the results described must be fully detailed;
- (iv) Claims of potential or guaranteed income must not be made.

The rule of thumb to be followed is that the disclaimer be "clear and conspicuous" and close to the "triggering claim." The font size and color must be in a color and size that is easy to see, read and understand. Keep in mind that a disclaimer can only qualify or limit a claim to avoid a misleading interpretation. It cannot cure a false claim. Below are sample disclaimers that may be used in different mediums:

A. Print (Social Media, Flyers)

Protecting prospects from unfair or deceptive ads or practices encompasses all mediums, including online and in print.

Opportunity Posts (i.e., income, earnings, business, opportunity, recruitment)

- Platinum Leaders & above

Platinum Leaders and above earn annual income achieved by fewer than 1% of Independent Color Street Stylists. Their earnings are extraordinary and not typical. There are no guarantees that any Stylist will achieve any level of income or rank success. For more information, including the average earnings of a Color Street Stylist, see www.colorstreet.com/incomedisclosure for more information.

- All other Stylist Ranks

Income described is unique to me and is not typical. Achievements such as these require skill & consistent work, perseverance, and effort. There are no guarantees that any Stylist will achieve any level of income or rank success. For more information, including the average earnings of a Color Street Stylist, see www.colorstreet.com/incomedisclosure

Team Sales (All Stylist Ranks)

Team Sales do not equal income and should not be interpreted as such. Please see www.colorstreet.com/incomedisclosure for more information on all stylists by rank.

Incentive Trip Earners (All Stylist Ranks)

Of Color Street's active Independent Stylists, less than 1% hardworking and dedicated Stylists achieved this incentive trip this year and over half of those stylists have earned more than one incentive trip over the past five years.

B. Video (FB Live, Zoom Meetings, Beauty Socials, etc.)

The Earnings Statement (shown below) should be shown at the beginning and sometimes the end, dependent on content and duration, of each video for a period long enough to be noticed, read, and understood. Any time the Color Street Opportunity, Stylist earnings, or income potential is discussed the Earnings Statement must be shown.

**Important Note:* The requirement for disclaimers is “clear and conspicuous” and in “close proximity to the triggering claim.” That means before the “see more” or any scrolling. It may not be hidden at the end of a long post or in the comments section. If you keep the 4 P’s in mind, you should be in great shape. They are:

- 1.** Prominence: must be clearly visible and easy to see and read (readable font type and size, color, etc.).
- 2.** Presentation: must be easy to understand.
- 3.** Placement: must be somewhere where it is unavoidable to consumers.
- 4.** Proximity: must be close to the claim it qualifies.

EARNINGS STATEMENT

Platinum Leaders and above earn annual income achieved by fewer than 1% of Color Street Independent Stylists. Their earnings are extraordinary and not typical. As with most opportunities, you can find exceptional individuals performing well above average, while others perform below average or perhaps make no money at all. The earnings of an Independent Stylist are based solely on the successful sale of products to consumers in accordance with the Color Street Compensation Plan. Independent Stylists will incur expenses in operating their Color Street business, such as the initial business kit purchase, e-Suite subscription, product purchases, and annual renewal fee (if any). With Color Street, you have an opportunity to earn income, but it takes hard work to make a substantial income in this business and an Independent Stylist’s success depends largely on their personal commitment, hard work, business skills and market conditions. An Independent Stylist’s income is not representative of future results and Color Street does not guarantee any income or rank success. For the average annual income for all Color Street Independent Stylists please see the full Color Street Income Disclosure Statement at <http://www.colorstreet.com/incomedisclosure>.

- C.** Hypothetical earnings scenarios may imply that the assumptions made are consistent with the actual experience of the average participants. If the assumptions are not typical of the average Independent Stylist, it would likely be false or misleading to consumers. As such, hypotheticals should ideally be avoided; however, if used, a clear and conspicuous disclaimer stating that the information is hypothetical in nature is required. Please consult with the compliance department before disseminating any such information.

The income, bonuses, and rewards earned by an Independent Stylist through the Compensation Plan is based solely on the sale of Color Street products to end consumers. Independent Stylists are not paid on recruitment or the sponsorship of other Independent Stylists. Independent Stylists must truthfully and fairly describe the Compensation Plan. No past, potential, or actual income may be made to prospective Independent Stylists, nor may Independent Stylists use their own income as indications of what is possible. Providing false or misleading income to prospective new stylists is not permitted and it implies that they, too, could earn a similar income and/or that the income disclosed is typical. Neither is true and no statements about income should be made. Independent Stylists must provide the earnings information published in the Color Street Income Disclosure Statement to prospective Independent Stylists. The Federal Trade Commission (FTC) and several states have laws and/or regulations that prohibit certain types of income claims and testimonials, as such it is mandatory that all Independent Stylists comply with this policy. Color Street does not guarantee any level of success or income.

2o – Income Disclosure Statement

The below link to the Color Street Income Disclosure Statement (IDS), which is designed to convey a snapshot of information regarding the income that Independent Stylists may earn, is referenced below. This information is to be shared with any prospective Independent Stylist regardless of venue (Beauty Socials, group parties, online, one-on-one, regional event, conventions, etc.) <http://www.colorstreet.com/incomedisclosure>

2p – Required Disclosures and Disclaimers

Before an Independent Stylist may sponsor a new Independent Stylist, the Independent Stylist must confirm that the prospective Independent Stylist understands that the earnings and success of an Independent Stylist is not guaranteed and depends largely upon their skills, work effort, commitment, leadership skills, and market conditions. It is equally important that all potential Independent Stylists understand that everyone's results will vary, and past success does not guarantee future results. As with most opportunities, you can find exceptional individuals performing well above average, while others perform below average or make no money at all. Independent Stylists must also make it clear that each Independent Stylist incurs expenses in operating their Business, such as the initial business kit, e-Suite subscription, and annual renewal fees (if any) paid to Color Street, as well as other operating expenses, and that these expenses may offset or exceed any income earned. In Section 2q above, Color Street has provided a link to the Income Disclosure Statement (IDS), which must be shared anytime income or lifestyle derived from Color Street, either directly or indirectly, is discussed. For example, if discussing the Color Street opportunity (the "Color Street Opportunity") or selling Color Street products in Social Media, please add a clear and conspicuous disclaimer, such as: "For information on the average earnings of an Independent Stylist, please go to <http://www.colorstreet.com/incomedisclosure>." Disclosures are important, as they help to ensure that prospective Independent Stylists have appropriate information when considering whether to enroll as an Independent Stylist. Additionally, disclosures and disclaimers are required by applicable laws, rules and/or regulations.

2q – Compensation Plan and Program Claims

Only active Independent Stylists may solicit prospective Independent Stylists. When doing so, the Independent Stylists must provide truthful and clear information and must not use deceptive, unfair, high-pressure practices or make false, misleading, or exaggerated claims about the Color Street Compensation Plan or Color Street Opportunity. When presenting or discussing the Color Street Opportunity, Independent Stylists must make it clear to prospective Independent Stylists that financial success in Color Street is not guaranteed and the earnings of an Independent Stylist are based solely on the successful sale of products to customers in accordance with the Color Street Compensation Plan.

2r – Competitive Selling

Unless otherwise stated in these Policies and Procedures, Independent Stylists are free to participate in other multilevel, party plan or network marketing companies (collectively "Network Marketing"); however as long as an Independent Stylist's Agreement remains in force, an Independent Stylist may not become a salesperson for any other direct sales, party plan, or network marketing program that sells nails, nail strips, hand- or foot-related products, or other items from the Color Street product line. An Independent Stylist must not be an agent, independent salesperson, employee, or owner of any entity whose primary purpose is the manufacture, marketing or sale of items carried by Color Street or that otherwise competes with Color Street. For the purposes of this policy, a company is considered to be competing with Color Street when a significant portion of the company's product or marketing experience is derived from offering items that are carried by Color Street.

See *Section 13 "Non-Solicitation"* of the Independent Stylist Agreement for more information.

2s – Undue Influence

As stated in Section 2t, Independent Stylists are permitted to work as distributors for another Network Marketing company, if they do not exert any undue influence on other Independent Stylists or customers to make purchases or enroll in the Company. Undue influence includes but is not limited to: (a) the persuasion or pressure in a relationship when at least one other person(s) i.e., Platinum Leader vs Stylist who is susceptible to such persuasion or pressure, (b) taking advantage of someone's distress, or (c) pressuring someone to purchase products or services that they would otherwise not be interested in purchasing."

2t – Loyalty of High-Profile Leaders and Conflicts of Interest

While Color Street respects our Independent Stylists ability to pursue various opportunities, as indicated in the Competitive Selling section of these policies, it is still important for Color Street to protect its interests in its customers, goodwill, and proprietary information among critical aspects of the company to maintain its competitive advantage and reward those leaders who demonstrate loyalty to Color Street. Silver Executives and above are considered high-profile leaders

with Color Street. Silver Executives who opt to maintain Color Street as their exclusive network marketing opportunity are provided with several exclusive benefits to enhance their role and dedication. These include but are not limited to trade secrets, privileged access to confidential information, proprietary business development, product development, financial information, and invitations to special meetings and/or events.

In connection with such access and to protect the goodwill, reputation, integrity, competitive advantage and proprietary information that Color Street cultivates, and recognizing the impact that the conduct of high-profile, leadership positions can have on the businesses of Color Street Stylists at the rank of Silver Executive or above, they may not participate in or promote, directly or indirectly, the earning opportunity associated with any other multilevel, direct sales, party plan, or network marketing venture (collectively "Network Marketing") if they join or while they remain in the rank of Silver Executive or above. This includes building a downline with, consulting with, or receiving compensation from any company that is in the direct sales, party plan, or network marketing business channel. Additionally, due to the risk of harm to Color Street, including, but not limited to, the high potential for disclosure of its proprietary information and to manage the risk of conflicts of interest, participation in non-direct sales companies that compete with Color Street are equally prohibitive. You acknowledge that this policy does not change your status as an independent contractor and does not make you an agent or employee of Color Street.

SECTION 3: BUILDING A TEAM AS AN INDEPENDENT STYLIST

Making retail sales to customers is the basis of the Color Street opportunity. However, building a team by enrolling others and helping those Downline Independent Stylists to do the same is also an integral strategy for increasing business success and income. If an Independent Stylist chooses to build a team with Color Street, and is compensated based on sales, there are expectations to understand and follow.

3a – Enroller/Sponsor Expectations

When you become an Enroller or Sponsor and begin to build a team, it is important to provide your level 1 Stylists with guidance on the basic business building activities around networking and selling of Color Street products from Join through Jump Start and through the lifecycle of their business. Your upline leader will collaborate with you to help you build and develop your team, as well as deliver training and support. See the Compensation Plan for an explanation of the different phases, special terms, requirements, and conditions necessary at each particular rank or phase.

3b – Leadership Support

In accordance with the Compensation Plan, when an Independent Stylist achieves and earns the Bronze Leader rank and beyond, you are expected to actively practice the Color Street Values outlined in Sections 1 and 2 above. In addition, you are to provide guidance and support to develop your downline team. Below are suggested methods on how to build a successful downline organization:

- Show consistent engagement in your business.
- Develop skills in networking, selling, booking, enrolling, and holding Beauty Socials.
- Create a communication channel with your developing team.
- Actively engage in mentoring your downline Independent Stylists and assist them in achieving their goals, as well as teach on core Independent Stylist behaviors.
- Keep friendly and professional relationships with the Color Street community at large. Making disparaging remarks or exhibiting negative behavior about anyone within the Color Street community is not in line with our values. This includes, but is not limited to removing, blocking, or otherwise prohibiting an Independent Stylist from participating in or receiving team information through team pages, groups, emails, or any other mechanism by which you communicate with your organization. Behavior by a leader that is inconsistent with our policies will not be tolerated.
- Keep a positive presence within social media and in all other public forums. Any concerns about product quality, policies or processes should be handled directly with the Home Office and not in a public forum, including social media. This prohibition includes discussions within closed and secret groups on social media sites. Discussions in such semi-public forums must also remain positive in nature.

- Regularly read newsletters and communications, including but not limited to rank appropriate Home Office trainings and meetings, as well as attend upline monthly meetings.
- Consistently communicate with your team by email, phone, or in-person to discuss business goals and progress, as well as to offer encouragement.

3c – Leadership Responsibilities of Color Street Gold Leaders

In addition to the above methods of leadership support, and in accordance with the Compensation Plan, when an Independent Stylist achieves and holds the paid rank of Gold Leader in Leadership Phase I and beyond, you are expected to provide additional leadership of your team and downline development. Below are additional leadership methods highly recommended for Gold Leaders and above.

- Devote time, effort, and resources into building your team.
- Hold regular team meetings (we suggest monthly). You should plan and conduct these meetings in accordance with Company guidelines.
- Be available to respond to questions from team members and ensure that they receive a timely response.
- Gold Leaders+ are eligible to hold live quarterly Regional Training Events.
- Onboard new Stylists, train PSs on onboarding skills, develop BLs and SLs on growth strategies, hold monthly team meetings and check-ins, organize recognition and communication for team and generations.
- Identify and mentor rising stars and regularly hold team business opportunity sessions.
- Disseminate Home Office information to your team in a timely manner.
- Regularly give your team members positive recognition for their efforts and achievements through personal notes, phone calls, team newsletters or posts in online forums.
- Do your best to attend company sponsored events, including but limited to Leader Day at National Conference.
- Make a reasonable effort to attend or listen to Color Street company-wide trainings, as well as Stylist and Leader calls.

3d – Leadership Responsibilities – Silver Executive and above

The Silver Executive+ level brings the expectation of a full commitment to Color Street. At these ranks, in addition to supporting their personal teams, these higher-level leaders will mentor and work through the Gold Leaders in their downline paid generations on best practices and team management, professional development, planning and goal setting. This includes but is not necessarily limited to:

- Learn and develop coaching and people skills, understand conflict resolution tactics, refine delivery of training and presentations.
- Offer coaching to downline Independent Stylists who hold the paid rank of Bronze Leader or above.
- Make a reasonable effort to attend Color Street company-wide events, such as National Conference, Leadership Summit, Home Office Experience, and Regional Events.
- Silver Executives will be asked to sign a Non-Disclosure Agreement, agreeing to keep proprietary information confidential. If a Silver Executive+ breaks this agreement, there will be a loss of access to proprietary information.
- Silver Executives will be asked to sign a Loyalty & Conflict of Interest and Non-Solicitation Agreement
 - o Silver Executives who opt out of signing these Agreements will remain at the Platinum Leader level, fulfilling those obligations, without the ability to promote higher in the compensation plan.
- Silver Executives and above are expected to mentor downline generational Gold Leaders on goal setting, strategy and planning, and organizational management.

If it is determined that a Silver Executive or above, persistently neglects to provide leadership training and support to a downline team, Color Street reserves the right to transition all or some of the Silver Executive's downline team members to a different Sponsor. Sponsor changes will follow *Section 3e – Changing Sponsors* and will not be circumvented through the above investigations.

3e – Changing Sponsors

Color Street strongly believes it is important to protect the relationship between an Independent Stylist and his/her Sponsor. Therefore, an Independent Stylist may only have one Sponsor. Except as set forth in this section, Color Street prohibits change of sponsorship to uphold the integrity of the Compensation Plan and Downline.

3e.1 – Cancellation and Re-application

An Independent Stylist may only change his or her Sponsor by voluntarily resigning his or her Independent Stylist Agreement and remaining inactive (i.e., no promotion or sale of products, no sponsoring of new Independent Stylists, no attendance at any Color Street function, no participation in any other form of Independent Stylist activity, no operation of any other Color Street business (as a partner, silent or otherwise), and no income from the Color Street Compensation Plan) for six (6) months after the date of resignation. All resignations must be provided to Color Street in writing from the email address on file or via USPS. Following the six-month period of inactivity, the former Independent Stylist may reapply under a new Sponsor. In that event, the former Independent Stylist's Downline organization will remain in the original line of sponsorship and the former Independent Stylist will rejoin as a new Independent Stylist with no downline. If a second account is found in violation of this policy, the second account will be closed, and the Independent Stylist will be moved back to the original Sponsor. After cancellation, Independent Stylists may not create a new business entity where the Independent Stylist re-joins as an Independent Stylist without first waiting for six months.

Color Street, at its sole discretion, may correct errors by an Independent Stylist in submitting or processing a new Independent Stylist Agreement, if the Independent Stylist advises Color Street of the mistake within 5-business day of account creation.

3e.2 - Reactivation

An Independent Stylist whose Independent Stylist Agreement is terminated is welcome to reapply to become an Independent Stylist. However, the Company reserves the right to deny such a request for reactivation. An Independent Stylist whose Independent Stylist Agreement has been terminated by the Home Office is not eligible to reactivate at any time.

If your re-application is accepted, you will be required to start over at the beginning in accordance with the Compensation Plan Rank of Stylist. If you had a Downline team, that team will not be returned to you.

Two scenarios exist that affect how your Color Street account may be reactivated:

If the date your account was deactivated is less than six (6) months ago:

- You must reactivate with the same Enroller and Sponsor;
- You must pay a \$25 Reactivation Fee, which will be charged to the payment method on file;
- Your original Enrollment Date will not change, and you will not have the Color Street Opportunity to earn Jump Start Rewards as a new Independent Stylist. You will see two important dates on your file: an original enrollment date and the latest reactivation date;
- You will not be able to purchase a Starter Kit;
- Since your account is being reactivated, it will not count as a recruit for the Enroller. Therefore, your Enroller will not be able to strategically place you;
- You can reactivate your account a maximum of three (3) times. After the third reactivation, you may not be accepted as an Independent Stylist in the future.

If the date your account was deactivated is more than six (6) months ago:

- You will be able to rejoin with any Enroller/Sponsor you choose;
- You will not be required to pay any reactivation fees;
- You must purchase a Starter Kit. (Purchase is optional in North Dakota);
- You will receive a new ID number, a new Enrollment Date, and you will be eligible to earn Jump Start Rewards as a new Independent Stylist;

- Since you will be treated as a new Independent Stylist, your reactivation will count as a recruit for the Enroller, and you can be strategically placed if the Enroller has a paid rank of Platinum Stylist or higher.

3f – Roll-up and/or Deactivation Due to Inactivity

If an Independent Stylist has zero PV for six consecutive months, their Stylist account will be deactivated for inactivity. Additionally, if an Independent Stylist with a Career Title of Bronze Leader or above does not achieve a cumulative Personal Volume ("PV") of 300 or more in a rolling three-month period, any downline Stylists will be rolled up to the Sponsor.

3g – Non-Compliance with Sponsorship Change Policy

In the event a second Stylist Account is found, the Stylist will have only two options: (a) go back to the original sponsor and sales organization and continue to work the Color Street business, or (b) terminate the Independent Stylist Agreement and remain inactive for six (6) months (See 3d.1 Cancellation and Re-application).

3h – Multiple Stylist Business Accounts

An individual may own, manage, or participate in only one Stylist business account at any given time, except as permitted by these Policies & Procedures and with written approval from Color Street. In furtherance of this rule:

1. A person may only be entered once as a primary contact for a Stylist business account,
2. A bank account used for compensation may be used for only a single Stylist business account,
3. A person may not submit a Stylist Application for a Stylist business account or be a joint owner with a Spouse or in a Business Entity if the Stylist has an existing business account or had an active Stylist business account in the past six (6) months.
4. A Stylist business account must contain verifiable and accurate information. Any Stylist business account that is created to circumvent the policies or manipulate the Color Street Compensation Plan will be immediately terminated and any commissions forfeited.

3i – Independent Stylist Customer Accounts

All individuals must make a choice when enrolling with Color Street; either (1) as an Independent Stylist looking to operate an independent business and earn commissions off the sale of products to consumers, or (2) as a Customer purchasing products for their own use without the desire to operate an independent business. Stylists are prohibited from creating a separate customer account, including through the guest portal on the Color Street website, under their own business account or under another Stylist's business account. It is required that everyone be coded appropriately for Color Street business purposes. The creation of these customer accounts manipulates the Color Street Compensation Plan, and any customer promotions Color Street may routinely offer.

3j – Crossline Recruiting or Cross Sponsoring Prohibited

Stylists are encouraged to work and collaborate with other Stylists, including those in other sales organization, for the development of their respective teams. It is important that such activities are done with integrity and based on mutual respect. Attempting to recruit Stylists from another organization is unethical and damages Color Street and other Stylists. Cross-sponsoring/recruiting occurs whenever an Independent Stylist, who has been active within the preceding six (6) months, enters into a different line of sponsorship by enrolling under another Sponsor. No active Independent Stylist is allowed to enroll under another Sponsor and any Independent Stylist whose account has been terminated must wait at least six (6) months before enrolling again under a new Sponsor. This includes the use of a spouse or relative's name or assumed names to circumvent this policy. Cross-sponsoring is strictly prohibited.

In addition, you are prohibited from unethically recruiting prospective Independent Stylists away from an Independent Stylist or organization that is already actively recruiting them. Unethical recruitment includes, without limitation, situations where an Independent Stylist (1) demeans, discredits, disparages, or otherwise negatively portrays another Independent Stylist or organization; (2) makes false or misleading statements in connection with another Independent Stylist or organization; or (3) offers incentives to entice or attempt to entice a prospective Independent Stylist to become a part of their team over another Independent Stylist's team. These acts count as 'poaching,' which is also against Policy.

SECTION 4: MARKETING AND ADVERTISING

You must always conduct business in a manner that reflects favorably on Color Street and the good name, good will and reputation of the Company and our products. You must not engage in deceptive, misleading, or unethical conduct or practices that might negatively impact Color Street, our products, or the public. The following policies govern marketing or advertising your business in any of the available media. While we cannot list every medium or every social media platform currently available or coming in the future, we reserve the right to apply all these policies to every type of medium and social media platform existing now or in the future.

4a – Clearly Represent Your Independent Stylist Status

As an Independent Stylist for Color Street, you represent yourself and your own independent business; you do not represent the Home Office. Therefore, you shall not misrepresent yourself in any way that causes confusion or implies that you represent the Home Office. If you list contact information, you must clearly identify yourself as an “Independent Stylist” or “Color Street Independent Stylist”. You must also clearly state in all marketing materials including business cards and on public forums (including your social media pages) that you are an “Independent Stylist” or a “Color Street Independent Stylist” to make it understood that you are not an employee or agent of Color Street, or the company itself.

For tax purposes, you are allowed to form your own company for income tax purposes. If you formed a limited liability company (LLC) or other business entity, you may use the business entity name in communication, marketing or advertising but must also include a link to your PW. The landing page of your PW must include your first and last name or your business name or the name of the LLC. It must also clearly identify you as an Independent Stylist.

Independent Stylists are prohibited from selling or distributing any marketing or training materials (including recordings or digital media) which are deceptively similar in nature to those produced, published, and provided by the Company. Independent Stylists are also prohibited from purchasing, selling, or distributing non-company materials which imply or suggest that the materials originate from the Company. If you create any marketing and training materials, you shall not sell such materials to other Independent Stylists.

4b – Advertising

To ensure fairness to all Independent Stylists, any advertising activities you engage in as an Independent Stylist must comply with certain restrictions. For example, Independent Stylists are not permitted to advertise through mass mailings or through channels otherwise deemed inappropriate by Color Street. Whatever approved methods you do use for advertising, the information they contain must be accurate, professional, and not misleading in any way. You are prohibited from using any paid platform. This exclusion includes the use of services such as Facebook Ads, Google Ads, YouTube Ads, any paid activity to improve search ranking for your PW, and any online directory that allows payment to improve search ranking, such as Sassy Direct or other similar directory.

You may not market or promote Color Street products (whether in print, online, via social media, Beauty Socials, vendor events, etc.) in places that offer discounts (please see Section 2i ‘No Discounts in Public Forums’).

All media communications are handled by our PR or Sales team at the Home Office. Accordingly, please do not reach out directly to celebrities, national magazines, bloggers, or other media outlets on behalf of Color Street via any other social media platform or communication mode. Please see Section 4r regarding ‘Media Engagement’ for more details.

Independent Stylists are solely responsible for any posts and online activity related to their Color Street businesses. If you create, operate, or own a website or blog, you may not sell Color Street products, offer Color Street products, book a Beauty Social or sponsor an Independent Stylist via the site itself. You may include links in such a blog or website to your PW. Any SEO or SEM for this website, blog or internet site must not include any past or present Color Street trademarks. No other brands or products can be recommended or sold on the website or blog (see Section 4i ‘Co-Branding or Co-Marketing’). If you feature any other Independent Stylists on such platforms, you must first get their permission. You must also be sure to represent yourself as an Independent Stylist so that there will be no confusion regarding whether you are a Home Office employee or a representative of the Company itself. Even if you do not own or operate a blog or website, any comments or posts you make to such sites, or that can be traced to Color Street, will be your personal responsibility.

4c – Social Media

The following requirements apply to the use of social media in connection with your Color Street business:

1. You may not use any derivative of the Color Street name in any social networking account names, website URLs, email addresses or your PW URL extension, which include but are not limited to:

“Color” and/or “Street”, “Color Street”, “Colorful”, “CS”, “C Street”, “Suzie Street”, and the like.

2. You are allowed to promote your Color Street business and its Products on social media, but you may not use public social media sites to discount Color Street products or offer free samples. The use of paid ads in any social media forum is prohibited. See Section 2i ‘No Discounts in Public Forums’ for more information.
3. The Color Street Influencer Program are collaborations for our Independent Stylist community. The posts/ promotions are targeted to new customers and Color Street wants to ensure that our marketing initiatives are delivered in a fair manner. Color Street sends all paid efforts to the home link where a customer will choose an Independent Stylist in their area. This action is to help ensure the equity and fairness of all Color Street paid ads.
4. If you create a group or page on a social media platform to promote your Color Street business, or if you use your existing social media profile(s) or account(s) to promote your Color Street business, you must adhere to the following requirements:

- You must comply with the policies of each social media website or network;
- You must never post anything that is false, misleading, or deceptive. This includes but is not limited to, false or deceptive postings about Color Street, Color Street products, the Color Street Opportunity, the owners, management, or employees of Color Street, or other Independent Stylists. Additionally, Independent Stylists should never post or link to or from any postings or other material that reflects negatively on Color Street, Color Street products, the Color Street Opportunity, the owners, management or employees of Color Street, or other Independent Stylists;
- Employment claims are not allowed. This is especially important on LinkedIn, which is a job-related social media site.
 - o Not allowed: Works at Color Street, Owner at Color Street, Executive at Color Street.
 - o Allowed: Independent Stylist at Color Street, Entrepreneur at Color Street, or Independent (Rank).
- You must never post personal information about other Independent Stylists or Color Street customers;
- You must never post or include links to any posts or other material that is or may be considered:
 - o sexually explicit, obscene or pornographic;
 - o offensive, profane, threatening, harmful, defamatory, libelous, harassing or discriminatory;
 - o an encouragement or promotion of any unlawful behavior;
 - o a personal attack on any individual, group or entity;
 - o in violation of any intellectual property rights of Color Street or any other third party; or
 - o inconsistent with the terms and conditions of these Policies & Procedures; and
- Independent Stylists should avoid contradicting Color Street’s corporate values, including inclusiveness and equity. The company will from time to time engage in philanthropic and marketing activities that promote Color Street’s corporate values. You are not required to agree with, or even utilize, all the marketing materials or products that corporate makes available to you, but you may not publicly contradict those values as a representative of the company.
- All posts containing business and product claims must be accurate and substantiated. It is mandatory that all Independent Stylists share only business and product data supplied by Color Street, without modification.

- It is the sole responsibility of each Independent Stylist to ensure their online material fully complies with these Policies & Procedures, as well as with all applicable federal and state rules and regulations.
- If you participate in any other direct selling opportunity, you may promote the products of the other company on your social media pages; however, you may not promote the opportunity of any other direct sales company. Any business/opportunity promotion must be completely separate from profiles, groups or pages used to promote your Color Street business.
- Hashtags used in social media must comply with these Policies and Procedures, as well as applicable federal and state rules and regulations. Hashtags like “#financialfreedom, #wealth, #beyourownboss, #residualincome, #quityourjob, #unlimitedtravel, #millionairenails, #ColorStreetpaidmymortgage” and anything similar are prohibited.

If your Independent Stylist Agreement is terminated for any reason, you must remove references to Color Street from the description of any social networking profile(s) used by you within ten (10) days of the date of termination.

If you create a group or page to promote your Color Street business on a social media platform:

- While you are an active Independent Stylist of Color Street (according to the Independent Stylist Agreement) and for a period of 12 months following the termination of your Independent Stylist Agreement, you must not use your Color Street related social media group or page to solicit anyone to join another direct selling, party plan, multilevel, or network marketing program. For example, you shall not rename or convert the group or page that you used for your Color Street business but must delete or archive it.

4d – Access and Content Removal or Revision

Color Street will conduct research, either via a third-party partner or internal staff, the activities of Independent Stylists. As such, Independent Stylists must allow Color Street to access and monitor content included in any online presence used for Color Street business. Color Street reserves the right to require immediate removal or revision of content that Color Street determines is in violation of the Independent Stylist Agreement or becomes inaccurate or problematic for any reason, including without limitation, due to changes in Color Street’s business, applicable law, or industry standards.

4e – Product Claims

Independent Stylists shall not make any claims or representations regarding the Color Street products other than those claims, and representations found in the Color Street approved marketing materials. Additionally, an Independent Stylist may not state, directly or indirectly, that any Color Street product is approved by the FDA or other governmental agencies. If Independent Stylists develop their own sales aids, and promotional materials (including posts in Social Media), notwithstanding an Independent Stylist’s good intentions, the material may unintentionally violate any number of regulations affecting the Color Street Opportunity. These violations could jeopardize the Color Street Opportunity for all Independent Stylists.

All claims must be truthful and not misleading; this includes all express and implied claims. All claims regarding cosmetic products may not state, either expressly or by implication, that they are a therapeutic treatment for any condition. You should also not make any claims about the products being “free from” any specific ingredients. Instead, you should simply refer customers to the ingredients listed on the packaging for each product.

4f – Unsolicited Communications

You may not send unsolicited, bulk-email, faxes, telephone communications, text messages, or other electronic communications to advertise, promote, attempt to sell Color Street products, attempt to recruit people to your Color Street business or attempt to book Beauty Socials.

You may send electronic communications to any person from whom you have prior consent to contact via the specific mode of communication. You may send electronic communications to family members, personal friends, or any other person with whom you have established a business or personal relationship.

You may not collect business cards from an event and later call these contacts unless they gave you permission to do so at the time you collected the information; this is a form of telemarketing and is not permitted.

You may send text messages related to your business to potential customers only if you have either received consent to do so or are sending a text in response to a text message sent to you. If a potential customer requests that you not send text messages, you must not send that person a text message in connection with your business.

To remain compliant with the federal CAN-SPAM Act, all electronic communications you send in connection with your Color Street business must meet the following requirements:

1. The communication must clearly identify the Independent Stylist as the sender of the email and as an Independent Stylist of Color Street,
2. The communication must include an accurate return email address of the sender, and
3. The communication must include a notice that lets the receiver know that they may reply to the email via the return email address provided, change email preferences, or opt-out of future emails.

In addition to the above requirements, you must not use deceptive subject lines or false header information, and you must honor opt-out requests as soon as possible. In fact, ensure all opt-out requests are processed no later than 10 days from the time they are sent. Please also make sure to review Sections 4w 'Stylist Handling Personal Information' and 4w.1 'Give the Customer Notice and Choices'.

4g – Marketing Materials and Restricted Use of Color Street Intellectual Property and Content

At Color Street, our goal is to provide Independent Stylists with the materials needed to promote both the products and opportunity Color Street offers. Independent Stylists are encouraged to use the sales aids and support materials produced by Color Street, as these items have been carefully designed to ensure that each aspect of Color Street is uniform, fair, truthful, substantiated and complies with the vast and complex legal requirements of federal and state laws. If you feel the need to create your own promotional marketing materials these materials may only include print materials like brochures, fliers, pamphlets, or Beauty Social invitations. In addition, you must ensure they fully comply with the terms of the Independent Stylist Agreement and, in particular, with the policies outlined in this Section 4.

- **Color Street Trademarks and Copyrights:** The name "Color Street" and other names, logos, artworks, and designs as may be adopted by the Company are proprietary trade names, trademarks, service marks and copyrights of Color Street (collectively, "Color Street Intellectual Property"). The Company grants Independent Stylists a limited license to use the Color Street Intellectual Property for promotional materials for so long as the Independent Stylist's Stylist Agreement is in effect. Upon cancellation of an Independent Stylist's Stylist Agreement for any reason, the license shall expire, and the Independent Stylist shall immediately discontinue all use of the Color Street Intellectual Property. Under no circumstances may an Independent Stylist use any of the Color Street Intellectual Property, or any derivative thereof, in any email address, website domain name, social media handle, social media name or address, or in any non-compliant marketing materials.
- **Color Street Content:** Color Street commonly produces live and recorded events as well as webinars and telephone conference calls. During these events, Company executives, Independent Stylists, and guests appear and speak. The content of such events is copyrighted material that is owned exclusively by the Company. Independent Stylists may not record and/or distribute the contents of company events or functions for any reason, whether such event is live, a webinar, via conference call, or delivered through any other medium. All idea and design submissions made to Color Street by Independent Stylists become the sole property of Color Street and Independent Stylists waive any rights to them upon submission. In addition, Company-produced marketing materials, videos, audios, podcasts, and printed materials are copyrighted. Such copyrighted materials are collectively referred to as "Color Street Content". Independent Stylists shall not copy any Color Street Content for their personal or business use without the Company's prior written approval. Independent Stylists have approval to download, print, and/or copy Color Street Content obtained from the marketing section of the Virtual Office provided no impermissible alterations are made to such materials and all copyright and trademark notifications are preserved.

Color Street Intellectual Property and Color Street Content are valuable business assets that support a unique and fair opportunity for Independent Stylists. Color Street and Independent Stylists therefore have a mutual interest in protecting the integrity of the Color Street Brand. According to the terms of your Independent Stylist Agreement, Color Street is the sole and exclusive owner of Color Street Intellectual Property and Color Street Content. You have a limited right to use the Color Street Intellectual Property and Color Street Content solely to promote your Color Street business.

As an Independent Stylist, you may use only the current logos, Color Street trademarks, and Color Street Content that is available in the Resource section of your Virtual Office. Any marketing materials you create must maintain the integrity of the Color Street Brand; they must comply with the Color Street Brand Guidelines, Policies and Procedures, and all applicable laws.

In addition, Independent Stylists must not:

- edit, alter, or customize any Color Street trademark, including logos approved for use, or Color Street Content in any manner,
- create or use any trademark or service mark that is similar to or may be confused with any Color Street Trademark or Color Street Content,
- combine any Color Street Intellectual Property or Color Street Content with any other trademarks or service marks,
- use Color Street Intellectual Property or Color Street Content in connection with any other business or opportunity outside of Color Street,
- use Color Street Intellectual Property or Color Street Content in connection with any products that are not genuine Color Street products or sold through Color Street online and offline stores. This includes creating promotional materials like t-shirts, caps, sweatshirts, mugs, tumblers, i.e., swag. These types of marketing materials are to be purchased through the Color Street Store or approved vendors;
- profit from the use of Color Street Brand trademarked names except as permitted by the Independent Stylist Agreement,
- use Color Street trademarks or Color Street Content in connection with Google AdWords or other paid search engine optimization strategies. This includes the use of your Personal Website since this contains branded domain names, such as 'mycolorstreet.com/____' and 'colorstreet.com/____'. This reduces any confusion between your PW and Color Street corporate websites,
- register or attempt to register any Color Street trademarks or similar marks in any class of products or services anywhere in the world, or
- create products or services using Color Street trademarks, trade dress, copyright, or any other Intellectual Property for sale to others.

Report Infringement of Intellectual Property: Color Street is committed to protecting and enforcing its intellectual property rights. If an Independent Stylist is aware of any infringement, they should report such infringement to infringement@colorstreet.com.

4h – Restricted Use of Third-Party Trademarks

If you create your own marketing materials, then in addition to following the policies outlined in Section 4e, you must also avoid all use of trademark-protected names, phrases, logos, or images of third parties or other brands. Without the consent of the owners, you are not to use another party's trademark-protected words, phrases, symbols, designs, or images. These are used to identify and distinguish the source of the goods or services of one party from those of others. They must not be used in conjunction with any materials used to promote Color Street's activities. You are also not allowed to combine such trademarks, words, phrases, or symbols in any way, as these trademarks may still be identifiable as belonging to a third party. Even if you feel you obtained a given image from a credible source, your use of the image can still be in violation of another party's rights. To avoid creating personal liability issues for yourself as well as for Color Street, you must be extremely cautious about this issue when you create your own marketing materials.

4i – Co-Branding or Co-Marketing

Independent Stylists may market and/or promote Color Street products in conjunction with other businesses, products, services, or brands that do not compete with Color Street. This limitation applies to all promotional activities including, but not necessarily limited to marketing materials, events, presentations, or verbal solicitations.

Please see *Sections 2r – Competitive Selling, 2t – Loyalty and Conflicts of Interest, and 7b – Non-Solicitation* for more information.

4j – Gift Bags or Gift Baskets

Independent Stylists may include non-Color Street and non-Direct Sales related items in gift sets or bags; however, Independent Stylists cannot offer these item(s) as a free gift with purchase. In closed VIP customer groups or at tradeshow/expos/booth events (in compliance with Section 4s), Independent Stylists may market or sell gift baskets containing Color Street product. The majority of the container must be Color Street.

4k – Marketing and Naming Your Personal Website

- We highly encourage you to market your PW link to drive online sales to your business. However, you may not use any paid type of search engine marketing strategies for your PW, such as Google AdWords.
- Do not market your PW on any Color Street corporate social media pages such as Facebook, Twitter, and/or Instagram or any similar service. For example, if a customer posts a comment on a Color Street corporate social media page requesting to buy an item or host a Beauty Social, you may not post your PW link in response.
- As an Independent Stylist, you are not permitted to use any altered form of the Color Street name. You are also not allowed to add any generic extensions such as 'shop,' 'nail' 'Beauty Social' 'nailshop' 'nail shop' or geographic locations (cities, major regions) to the Color Street name.
- Any personal extension you add to the URL of your PW must identify you clearly and accurately without creating confusion or implying that you represent the Home Office. If the company determines that the PW extension you selected creates confusion as to your status as an Independent Stylist, you will be required to change it. If you have any questions about the effectiveness of your extension or whether the extension could cause confusion, please contact Customer Service before you invest in any marketing materials that use that extension.

4l – Naming: Website URLs, Email Addresses and Social Networking Accounts

You shall not use an altered form of any Color Street trademark, trade name, or product name in an independent website URL. You must also avoid using these in your email address or account names for social networking sites. The only approved use of the brand name Color Street by Independent Stylists is in a listing as follows:

Your Name, Color Street Independent Stylist.

You may substitute your Paid Rank from the previous full commission period as follows:

Your Name, Color Street Independent 'Title'.

4m – Stylist to Stylist Marketing and Services Restrictions, and Re-sale Restrictions on Current Products

As an Independent Stylist, you are not allowed to profit or benefit from any non-Color Street marketing services or business aids of any kind to another Independent Stylist. You may inform another Independent Stylist of a non-Color Street product, service, or business that you have used as long as:

1. You would not profit or benefit from that Independent Stylist purchasing that product or service, or
2. The information you share does not interfere with the Company marketing plan or cause another Independent Stylist to believe they must invest resources in a non-Company product or service in order to succeed.

This means you cannot promote graphic design services, business coaching, training classes, photographs, videos, sales tools, marketing materials, business supplies, display items etc. Independent Stylists may make approved sales tools available free of charge if they wish but may not charge other Independent Stylists for such materials.

As an Independent Stylist, you are not permitted to promote the sale of current or retired Color Street products or business supplies to another Independent Stylist. This includes, but is not limited to, emailing campaigns, and posts or advertisements on sites or groups selling overstocked and close-out items. This is not permitted whether at full retail (catalog) price, Independent Stylist price, discounted price, or higher price. No Stylist-to-Stylist selling is permitted. Please see Section 1j Advancement and Bonus Buying for more information.

For additional restrictions on the promotion or selling of any Color Street products, please see *Section 4p Sales through Other Internet Sites*.

4n – Catalogs and Flyers

We encourage you to advertise your business via Company-provided Marketing Materials. If you create your own materials to advertise, promote, sell or sponsor Color Street products or services, whether these catalogs or flyers are online or in print, you must follow the branding guidelines outlined in your Virtual Office and include the fact that you are a Color Street Independent Stylist, so it is clear the material comes from you and not from the Company as a whole.

4o – Phone Listing Policy

As an Independent Stylist with Color Street, you may list your phone number in your marketing materials. However, your phone number should be listed in the manner below:

- First and Last Name, Rank
- Independent Stylist with Color Street
- Phone Number, Address (if you desire to list your address)

4p – Sales through Other Internet Sites

Independent Stylists are prohibited from selling Color Street products on any site other than your PW. This includes, but is not limited to, YouMeWho, Sonlet, Square, JotForm, eBay, Etsy, Amazon, Craigslist, Groupon, Poshmark, Mercari, NextDoor app, Facebook marketplace and other social media marketplaces, social media “buy sell trade” groups, social media “garage sale” sites or similar, or any other auction or internet sites. It also includes “closed” marketplace groups on social media, as these groups can get so large as to constitute a public forum. Independent Stylists may **only** list Color Street product names for sale on sites like YouMeWho, Square or Jotform, but may not include Color Street product images i.e., in essence creating an online catalog on a third-party site. Agreeing not to sell Color Street products elsewhere also includes agreeing to not engage others to do so on your behalf. A violation of this policy will result in disciplinary action(s) including but not limited to a warning, suspension and/or termination of your Independent Stylist Agreement.

If you sell any Color Street products through any unauthorized website or channel, you agree to pay Color Street two-hundred-fifty United States dollars (\$250.00) for each violation after the first offense and subsequent warning. You acknowledge and agree that a breach of such obligations will cause irreparable harm and damage to Color Street and expressly waive any defense to Color Street’s claim to such liquidated damages on the basis that actual damages are unascertainable or that such liquidated damages do not represent a reasonable determination of damages or penalties.

Agreeing not to sell Color Street products elsewhere also includes agreeing to not engage others to do so on your behalf. A violation of this policy will result in disciplinary action(s) including but not limited to a warning, suspension and/or termination of your Independent Stylist Agreement.

Even after your Independent Stylist Agreement is terminated, you cannot sell any items acquired as an Independent Stylist online in any forums such as eBay or Amazon.

4q – Commenting on Competitor Products Similar to Color Street

You may not use social media platforms to comment on other brands or products that are competitive to Color Street products to drive sales and direct customers to your Color Street business or PW.

4r – Media Engagement

You must contact Customer Service for approval before participating in any local or national media plans. The Home Office PR or Sales team will initiate all television, cable TV, radio, Internet, newspaper, blogs, syndicated columns, broadcast shows, newsletter, and magazine interviews, features, and paid advertisements. If you are presented with an opportunity to promote your Color Streets business in the media, please take note of the following before you accept:

- 1.** Get the Company's approval in writing before accepting the invitation.
- 2.** Get the Company's approval in writing for any press releases before the release is published in the media.
- 3.** After you have received approval for a story or segment to be published or aired in the media, you must receive coaching prior to the media event.
- 4.** For such media events, you may use only those 'Talking Points' provided by the Company PR or Sales department.

During these events and in any other forum, you must always identify yourself as an Independent Stylist with Color Street and not give the impression that you represent the Home Office.

4s – Retail Displays, Trade Shows, Expositions, and Other Sales Forums

Stylists may display and/or sell Color Street products at trade shows, craft fairs, and professional expositions; however, swap meets, garage sales, mall kiosks/booths, and flea markets are prohibited as they are not conducive to the professional image Color Street wishes to portray.

The below conditions must be followed for exhibits, trade shows and/or craft fairs:

- You must register for the event and always refer to yourself as a Color Street Independent Stylist.
- You must ask the event organizer if another Color Street Independent Stylist has already registered for the event. You must not register for any event when another Independent Stylist has already registered.
- At the event, your booth must always have a representative present and must not be used to promote another business or product. Only Color Street brand products and the Color Street opportunity may be promoted at your booth during the event.
- If the same event repeats more than eight (8) times a year (for example, a weekly farmers market, or a monthly "First Saturday" vendor event), an Independent Stylist is permitted to have a booth at these types of events for a maximum of eight (8) times throughout the year.
- You should ask the event organizer for a clause in your Agreement/Contract with them that stipulates whether your booth at the event is exclusive or not – that is, whether you will be the sole representative from Color Street or if the event organizer will allow more than one (1) booth from Color Street. You should also understand that Color Street cannot guarantee any participation outcome for past, present, or future Trade Shows/Expos/Booth Events.
- Vendor events held in other countries in which Color Street is authorized are open to Independent Stylists of that country. For example, a U.S. Stylist should not register for an event in Canada thus taking that opportunity away from a local Stylist.

Color Street Stylists are not permitted to offer Color Street products for sale in any permanent retail or service business establishment, including those that offer other products and brands. A retail location includes but is not limited to, hair salons, nail salons, boutiques, grocery stores, restaurants, and other permanent establishments. A temporary, promotional display ("pop-up") at a retail location may be exhibited for the generation of leads or the collection of orders. A pop-up may include catalogs, printed flyers, business cards, signs, banners, and two-finger testers ("twosies") to be used for sample purposes only. Such displays may be in or near retail locations if you comply with all applicable laws and have permission from the property owner. Again, such promotional displays may not include any actual Color Street products.

Beauty Socials in a retail location lasting no more than one (1) day with a specified beginning and end time/date may be held up to eight (8) times a year at the same location, with Color Street products displayed and being sold at the Beauty Social.

Cash-and-carry sales from retail establishments is strictly prohibited. Signs, banners, flyers, and other advertising outside retail locations announcing or directing shoppers to a Color Street display inside a retail environment are prohibited. In addition, you may not sell Color Street products on the sidewalk of a retail establishment or in the parking lot of a retail establishment.

Customer orders cannot be delivered to Customers at any retail location. All customer orders must be delivered outside of and away from retail environments.

Any inventory purchased for the above referenced purposes must be properly recorded and receipts provided, as per the policy. Please see *Section 1g – Purchase Limitations/Inventory Loading* for more information.

4t – Fundraisers

Independent Stylist's may participate in and hold fundraisers; however, there can be no indication that Color Street endorses, supports, or sanctions the fundraising event. Additionally, no Color Street trademarks, or copyrights may be used. The promotion or participation in a fundraiser is not permitted on a public forum or profile page where other Independent Color Street Stylists may feel obligated to participate. Even to support a fundraiser, stylists may not purchase from other stylists.

For donations to benefit auctions (i.e., gift baskets containing Color Street products) the donation must clearly indicate that it is from an Independent Stylist (with full name given) and not Color Street. If the donation is a monetary one, the donation is to be made on behalf of the stylist individually, and not Color Street.

4u – Recording Policy

- a. Communications.** You agree to receive communications from the Home Office related to Color Street via email or authorized social media outlets including but not limited to Facebook, Instagram, etc.
- b. Privacy:** Color Street respects your right to privacy and strives to comply with all applicable privacy and data protection laws. By joining Color Street, you agree to the terms of Color Street's privacy policy. Whenever you submit information on the Color Street website and/or PW, you consent to the collection, use and disclosure of that information as described in the privacy policy and subject to any applicable laws and regulations. Color Street may share your personal information with third parties to perform support services for us. However, Color Street will not sell your personal information collected from its website and/or PW without your express consent.
- c. Attendance at Company Events and Meetings; Use authorized in Company media.** Company events and/or meetings online or offline may be recorded by Company. Images, video and audio of people attending or participating in a Company related event may be used by Company. By registering and attending a Company related event and/or meeting, you agree to allow Company to use your image, video, audio and personal information in these recordings. Also, you agree that Company may use your name, photograph, personal story and/or likeness in advertising or promotional materials. Independent Stylists waive all claims for compensation for such use.
- d. Private Video and Recording Prohibited.** Except by the express permission of an officer of the Company, audio, video and cellular recording of Company special events and/or leadership calls that discuss Company's private and confidential information is strictly prohibited as they are governed by an all-rights-reserved copyright

policy. Moreover, unauthorized distribution of audio or video recording from company events and/or leadership calls is prohibited unless written permission is obtained from the Company. This includes all Company-related conferences, leadership or team meetings, training sessions, etc.

4v – Privacy Policy

Color Street respects your right to privacy and strives to comply with all applicable privacy and data protection laws. By joining Color Street, you agree to the terms of Color Street's privacy policy. Color Street relies principally upon the legal basis of performance of contract for the processing of your information; that is, to support our mutual obligations and relationship as expressed through the Stylist Agreement, we must collect and process personal information to support that contractual relationship. Color Street also collects some information as a requirement of compliance obligations in the US more specifically set out in Section 6 below, as well as records retention requirements, and to comply with tax and other legal obligations.

Finally, as an organization, some information is processed under the basis of legitimate interests of Color Street, which includes (a) network security and performance, (b) protection of Color Street's legal interests and complying with non-EEA regulation and law, and (c) monitoring and management of stylists in order to ensure that customer expectations are met. When your information is collected outside these areas set out above, Color Street will seek your consent for the collection and processing of personal information.

Whenever you submit information on the Color Street website and/or PW, you acknowledge that the collection, use and disclosure of that information is as described in the privacy policy and subject to any applicable laws and regulations. Color Street may share your personal information with third parties to perform support services for us. In doing so, we comply with applicable national and international data protection regulations. In addition, we may share personal information with a third party where required by law or to provide and operate our products and services. However, Color Street will not sell your personal information collected from its website and/or PW without your express consent. If you are a Color Street stylist, we may share your personal information with stylists in your upline or downline for the purposes of managing sales, distributing products and information, and providing reports on your activities with other Color Street stylists.

4v.1 – How We Collect and Use Information on our Websites

Our system automatically collects data and information each time you visit the Color Street websites. In particular, we collect the following data:

- Browser type
- Operating System
- IP address
- Date and time of the visit
- Information about the website that refers you to our website.

This information is stored in our system's log files, independent of other personal information Color Street holds. We retain log files to ensure the functionality and optimization of our websites and security of our information technology systems. We do not evaluate these log files for marketing purposes, except for data collected through your browser settings. This data includes your browser's language settings to properly display the Color Street website. If this information is no longer necessary for the functionality of our websites, we will delete it or anonymize your personal log file information so that it can no longer be assigned to you.

4v.2 – How We Protect Your Data

Color Street has developed appropriate physical, technical, and administrative security standards to protect your personal information from loss, misuse, alteration, or destruction. Our service providers and affiliates are contractually obligated to protect the confidentiality of your personal information and may not use the information for any purpose not authorized by us.

While we do our best to protect personal information, no transmission of data over the Internet or over a wireless network is 100% secure. As a result, while we strive to protect your personal information, you acknowledge that there are security and privacy limitations inherent on the Internet that are beyond our control and that the security, integrity and privacy of

all information and data exchanged between you and cannot be guaranteed to us through our websites. Help protect your personal information by keeping your account password secure and confidential, logging out of your account after using a shared computer, and checking your computer regularly for viruses, malware, and spyware.

4w – Stylist Handling Personal Information

As an Independent Stylist, you may receive personal information from and about prospective Independent Stylists, customers, and other individuals. It is important that you keep this information private and confidential, as doing so helps ensure your compliance with laws and enables you to maintain your customers' trust. Personal information is any information that identifies individuals or permits you to contact them. It includes the mailing address, email address, phone number, credit card information, and purchase history belonging to a customer, potential customer, or other individual. It also includes any other information associated with these details.

You are responsible for protecting all personal or sensitive information from unauthorized access or disclosure. Do not share an individual's personal information without doing so on a lawful basis. You are also expected to destroy sensitive information when it is no longer needed. When you no longer need another's personal information you must shred or irreversibly delete it.

4w.1 – Give the Customer Notice and Choices

Customers may want to know why you are collecting their personal information and what you plan to do with it. You should be sensitive to their concerns and tell them what information you are collecting and with whom you will share it. You should also notify customers before or at the time you collect their personal information and always make certain that you use and share personal information only in the ways you promised. You should also give each customer the option to choose how you communicate with them. Find out if a customer wants to receive promotional and other marketing messages from you and whether they prefer to receive them by e-mail, phone, or another method of communication. This should be done before you use the communication method. That is, they should have the choice to opt-in to marketing messages from you; they should not be added to any communications and then required to opt out. If a customer decides to stop receiving communications, then with limited exceptions (such as to fulfil an order they have made or advise them of any information required by health or other regulatory requirements), you should honor their request to stop. In all cases, you must respect the customer's choices.

4w.2 – International Transfer of Personal Data

We may transfer your personal data to countries outside the European Union for the purposes described in this privacy policy. This is done in order to fulfil our obligations to you, and we rely on the basis of performance of contract in most cases as the basis for the transfer of this information. We will take all steps reasonably necessary to ensure that your data is treated securely and in accordance with this privacy policy. No transfer of personal data to any organization or country will take place unless adequate controls are in place.

4w.3 – Communication with Color Street

If you communicate with us by email, we may collect the following personal information:

- Email address
- Date and time of communication
- Content of the communication

We collect this information to facilitate our conversation, prevent misuse of our email services, and protect the security of our information technology systems.

4x – Communications

You agree to receive communications from the Home Office related to Color Street via email or authorized social media outlets including but not limited to Facebook, Instagram, etc.

4y – Third Party Sites

Color Street's websites may contain links to other websites that are not controlled by us. If you click on a link for a third-party website, you will be redirected to this website. We have no control over these websites, we cannot protect your personal information and we strongly recommend that you review the privacy policy of each website you visit. Our websites may include social media sharing features with links to Facebook, Twitter, LinkedIn, Instagram, Google+, Pinterest, Vimeo, YouTube and Disqus TikTok that allow you to access your social media account to share actions you take on our websites with friends or the public, depending on your social media account settings. For more information about these features, please refer to the respective entity's privacy policy.

4x – Conducting Business Outside a Home Country

A key advantage of the Color Street Opportunity is that Independent Stylists may operate an independent business as an Independent Stylist in every country in which Color Street operates, if the Stylist meets all requirements for that country, subject to the Policies & Procedures applicable to that country and applicable law. Each Independent Stylist has the non-exclusive right to promote Color Street products and the opportunity in any country in which Color Street is authorized to conduct business.

The laws and regulations applicable to the promotion of Color Street products and the Color Street opportunity vary among countries. An Independent Stylist who operates their business in other countries are responsible for understanding and adhering to all applicable laws and regulations in those countries, including but not limited to customers and immigration laws, licensing requirements, direct sales rules, consumer protection laws, privacy laws, and accepted marketing practice. The Independent Stylist must also be familiar with and adhere to the Color Street Policies & Procedures governing activities in such countries.

Independent Stylists may not promote or sell Color Street products or offer the Color Street opportunity in countries in which Color Street is not authorized.

SECTION 5: RESPONSIBILITY FOR TAXES, EXPENSES, AND CONTRACTUAL OBLIGATIONS

5a – Taxes

As an independent contractor, you are not an employee of Color Street and you are solely responsible for compliance with all applicable tax laws, including but not limited to, fulfilling any applicable legal requirements for reporting, deducting, or paying taxes on any Compensation you receive as an Independent Stylist and making all requisite tax filings to the appropriate tax authority. Color Street shall not be liable for such payments or any associated fines, penalties, liabilities, or interest for late payments or unpaid balances. As such, you agree to indemnify and hold Color Street harmless from all local, state, federal and other taxes, penalties, and/or interest on any income, commissions, or other earnings derived from the sale of Color Street products or other monetary or non-monetary Compensation earned from Color Street as an Independent Stylist. It is your responsibility to maintain complete records of your income and expenses.

Color Street will not withhold or make payments for (a) social security, (b) unemployment/disability insurance, or (c) obtain worker's compensation insurance on behalf of an Independent Stylist. Each year, the Company will send you an IRS Form 1099-MISC (Non-Employee Compensation) to all Independent Stylists who earn at or above the threshold applied by the Internal Revenue Service for the relevant tax year, which threshold can be found at www.irs.com. An Independent Stylist's business that is enrolled as a Business Entity may be subject to different or additional obligations. It is the Independent Stylist's responsibility to understand the tax obligations applicable to the Independent Stylist business, in any jurisdiction the business is operated.

5b – Expenses and Contractual Obligations

As an Independent Stylist, you operate, conduct business and are solely responsible for all expenses, debts, and liabilities incurred in connection with your Independent Stylist Business. In addition to the business kit purchase, e-Suite subscription,

and annual renewal fee (if applicable), the costs and expenses an Independent Stylist may incur operating the independent business include, but is not intended to an exhaustive list, the following:

- Travel, meal, entertainment, and accommodation expense.
- Costs associated with hosting or attending events.
- Expenses associated with learning about, marketing or presenting Color Street products to customers or prospects, and/or
- Fees for legal, tax, or other professional advice.

Color Street will not be responsible for these, or any other costs or expenses incurred in connection with operating an Independent Stylist Business.

5c – Assumption of Risk

There are inherent risks in operating any business. As such, Independent Stylists are responsible for obtaining liability insurance for your business. Guidelines and laws exist that dictate how you should run your business and you must follow them strictly or face legal consequences. Color Street takes no responsibility for your ability or inability to comply with these regulations. The entire burden or responsibility for your business decisions and expenditures lies on you as an Independent Stylist. Therefore, Independent Stylists may wish to consult with professional advisors regarding the purchase of insurance and other ways to mitigate these risks for yourself and your business. An Independent Stylist is not obligated to participate in conventions or events. If, however, an Independent Stylist chooses to participate in conventions or events, then the Stylist assumes all risk and responsibility for traveling to and from and participating in the conventions or events. An Independent Stylist's participation in a convention or event is conduct taken for the management of your own independent business and is not performed in any manner as an employee, agent, or representative of Color Street. This assumption of risk and responsibility is not affected by whether your attendance at a Convention or Event is based on an invitation from or agreement with Color Street. In connection with your assumption of risk, you shall indemnify and hold Color Street, and each of their respective shareholders, directors, officers, agents, and employees harmless from any and all claims, damages, and expenses, including any attorney's fees, arising out of or related to your participation in or travel to and from conventions or events.

SECTION 6: COMPLIANCE INVESTIGATIONS AND DISCIPLINARY ACTION

Independent Stylists are expected to adhere to the highest ethical and legal standards, and to the Independent Stylist Agreement, which includes these Policies and Procedures and the Compensation Plan, and to comply with all applicable laws and regulations.

6a – Harassment

Color Street is committed to providing Independent Stylists with an environment free from harassment, intimidation, and abuse from other Independent Stylists, employees, vendors, and any other individuals. At Color Street, harassment of any kind will not be tolerated and is strictly prohibited, such as: derogatory or threatening comments, inappropriate sexual behavior including but not limited to unwelcome sexual advances or requests for sexual favors, displaying visual images of a sexual nature, physical or verbal harassment, discriminatory remarks, or violent behavior. Independent Stylists are encouraged to report any type of harassment incidents immediately. The Company will not tolerate acts or threats of violence and will investigate all reports. You have a responsibility to act when you are aware of a threat or risk to any Independent Stylist or employee.

6b – Compliance Violations and Investigations

If the Company becomes aware of any actions or behavior that is potentially inconsistent with its policies, it reserves the right to investigate those claims.

If Color Street commences an investigation, Independent Stylists are required to cooperate fully with the investigation and to promptly respond to all inquiries.

6c – Investigative Process

Independent Stylists who are contacted by Compliance must respond fully and accurately, and prior to the deadline set by Color Street. Failure to respond to a compliance inquiry not only will prevent you from presenting information, but it may result in disciplinary action, up to and including termination of the Independent Stylist Agreement.

Color Street reserves the right in its sole discretion to determine whether and what disciplinary action the Independent Stylist will face.

Color Street cooperates fully with law enforcement agencies, courts, and other governmental authorities investigating alleged violation of law by Stylists. Stylists may not be notified of requests by law enforcement or other authorities. If an Independent Stylist commits a compliance violation that Color Street believes may also violate the law, Color Street reserves the right to report the incident to the relevant authorities.

6d – Concerns About Other Stylists

If an Independent Stylist has any concerns about the behavior or conduct of another Independent Stylist, he or she should first contact his or her Sponsor. If the matter cannot be resolved, it may be reported in writing to the Compliance Department. The Compliance Department will review the facts and may attempt to assist the Independent Stylist to resolve the issue. If the issue is such that the Independent Stylist feels threatened with serious bodily harm or believes he or she is the victim of financial fraud or other criminal activity, then the Independent Stylist should first contact law enforcement authorities. If the fraud or criminal activity is allegedly being conducted by another Independent Stylist, please notify the Compliance Department with a copy of the filing of the police report.

While we understand that Stylists are trying to help our Compliance Department by reporting non-compliance, we would appreciate it if you could (i) avoid repeat complaints, (ii) avoid personal vendettas and/or ulterior motives, and (iii) attach evidence, including but not limited to screenshots and videos, to reports where such evidence is required to further investigate the matter(s).

6e – Disciplinary Action

If Color Street, in its sole and absolute discretion, determines that an Independent Stylist is not in compliance with Company Policies or Procedures, Color Street reserves the right to determine what actions to take. Among other factors, Color Street may consider the nature and severity of the violation, the facts surrounding the violation, the degree of cooperation shown by the Independent Stylist, whether the violation was intentional or inadvertent, the Independent Stylist's compliance history, and the experience level of the Independent Stylist.

Potential disciplinary actions will be decided in Color Street's sole and absolute discretion and may include but are not limited to:

- Verbal and written warnings.
- Temporary suspension of the Independent Stylist position.
- Fines or other financial penalties.
- Revocation of earned rank in the Compensation Plan.
- Repayment of money that was not legitimately earned.
- Repayment of cost or expenses incurred by Color Street because of the Independent Stylist's actions, including any settlement payments or credits to Customers, other Independent Stylists, or third parties, fines or penalties imposed by governmental agencies, attorney's fees, and investigation expense.
- Removal of the Independent Stylist's Downline (or members thereof); and/or Termination of the Independent Stylist Agreement and deactivation of Independent Stylist position.

SECTION 7: GENERAL TERMS

7a – Ethical Conduct

As an Independent Stylist, you should be honest in the way that you interact with your clients. Honesty and integrity are important not just in business but for your affiliation with Color Street. Therefore, you must agree not to engage in any

activities that may reflect negatively on Color Street's reputation or cause harm to any other Independent Stylist. You must also be careful to avoid making negative, disparaging, untrue or misleading comments about Color Street, or any of its stakeholders, including the following:

- Color Street Independent Stylists
- Color Street products
- the Compensation Plan
- the board of directors or its officers, or
- Color Street's employees or those of its affiliates or subsidiaries

7b – Non-Solicitation

During the term of this Agreement and one (1) year following the termination of this Agreement, Independent Stylist agrees to not directly or indirectly (i) solicit any Color Street Independent Stylist to join, enroll or affiliate with another direct sales company; or (ii) terminate or alter the Independent Stylist's business relationship with Color Street. In this paragraph "direct sales company" is defined to include a network marketing, multilevel marketing, party plan or a social selling company that sells products or services through independent sales representatives. In this paragraph, "solicit" is defined to include the direct or indirect, actual or attempted, sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, another Independent Stylist to participate in another direct selling program. This conduct constitutes a violation of this provision even if the Independent Stylist's actions are in response to an inquiry made by another Independent Stylist. Examples of solicitation in violation of this provision include but are not limited to:

- Creating communication channels between yourself and other Independent Stylists in order to ask or entice them into joining you in some business other than Color Street.
- Creating a social media group for your other business and inviting Color Street Independent Stylists to join or changing the name of a Color Street group to that of the new business.
- Asking a third-party or spouse to contact an Independent Stylist on your behalf, or on the behalf of another direct selling company, in order to share with them a product or opportunity.

Any attempts to recruit active Independent Stylists into another direct sales business venture is a direct violation of the Policies and Procedures, which will result in immediate suspension of the Independent Stylist business account and a full compliance investigation. If through investigation, the allegations prove to be true, the Independent Stylist Agreement will be terminated, and the business account deactivated. All commissions and bonuses to be paid will be forfeited and the Independent Stylist will not be eligible to re-enroll at any future time without the specific written permission from Color Street Legal.

The term "recruit" also includes the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way an Independent Stylist to participate in another network marketing or direct sales company. The term also includes general solicitations in social media where "friends" include persons who are Color Street Independent Stylists. Stylists may promote products of the other business on their social media platforms; however, providing links to the opportunity of the other business via enrollment links, zoom calls, text messages, direct messages, indirect acquisition attempts or through any groups or pages, is strictly prohibited.

Independent Stylists and Color Street recognize that because network marketing is conducted through networks of independent contractors dispersed across the entire United States and Internationally, and because business is commonly conducted via the Internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, Independent Stylists and Color Street agree that this provision shall apply to all marketing in which Color Street conducts business.

A violation of any of the provisions in this section shall constitute unreasonable and unwarranted contractual interference between you and the Company and would inflict irreparable harm on Color Street, LLC. In such event, the Company may, at its sole discretion, impose any sanctions it deems necessary and appropriate against such Independent Stylist or Independent Stylist's business, including termination, or seek immediate injunctive relieve without the necessity of posting a bond.

7c – Conflicts

Unless an exception is made by an officer of Color Street, the Company does not permit any person who is a principal of another direct selling company to become an Independent Stylist or to serve as an Independent Stylist. For the purposes of this Section, we will take “principal” to mean any of the following:

- A corporate employee who is a director, an officer, or an executive of another direct selling business; or
- Any person who is the sole proprietor, a general partner, or an owner of 10% or more of any outstanding stock in any business entity that conducts sales through a direct sales channel or controls, shares control, or is controlled by any business entity that earns its revenue by selling directly to consumers.

Color Street reserves the right to reduce an Independent Stylist’s freedom to participate in Color Street events if that Independent Stylist or a member of their immediate household is an employee of another direct selling company.

7d – Targeting the Sales Force of Another Direct Sales Company

Color Street does not condone or approve of Independent Stylists specifically or consciously targeting the sales force of another Direct Sales Company. If any lawsuit, arbitration, or mediation is brought against an Independent Stylist by a third party because their method of recruiting is or appears to involve inappropriate recruiting methods that unscrupulously entice members of its sales force or customers, or in any way violated their contract with the third party, Color Street will not pay any of the Independent Stylist’s defense costs or legal fees. Color Street will also not indemnify or compensate any person for any judgment, award, or settlement made against the Independent Stylist.

If the third party brings or threatens legal action against Color Street based on the conduct of the Independent Stylist, the Independent Stylist agrees to declare Color Street uninvolved in any wrongdoing and fully indemnify Color Street for all costs, expenses, attorney’s fees, and damages incurred as a result of such third-party action.

7e – Business Entities as Independent Stylists

Business Entities may enroll as Independent Stylists by completing the Independent Stylist Agreement. “Business Entity” means a corporation, partnership, Limited Liability Company, trust or other entity that owns or operates a Color Street independent business. An “Affiliated Party” is an individual, partnership, trust, Limited Liability Company, or other entity that has an ownership interest in, or management responsibility for, a Business Entity, or is employed by the Business Entity in furtherance of the Business Entity’s operation of an independent Color Street business. Only one person may be listed as the Independent Stylist on the account of a Business Entity at any given time.

If a Business Entity enrolls as an Independent Stylist, the Business Entity and each Affiliated Party must comply with the Independent Stylist Agreement. If a Business Entity and/or any Affiliated Party violates the Agreement, Color Street may take disciplinary action against the Business Entity and/or against any of the Affiliated Parties.

Dissolution of a Business Entity: Color Street is not able to divide commissions among multiple parties, nor is it able to divide a Downline organization. Consequently, the independent Color Street business must be awarded to a single individual that was previously listed as the Independent Stylist on the account of the Business Entity.

7f – Limitations on Independent Stylists and Household Businesses

At any given time, an individual is allowed to own, operate, control, or have an interest in only one (1) Color Street business. No matter what kind of entity the Independent Stylist business has been registered as, and no matter what relationship each Independent Stylist bears to another, restrictions exist regarding the degree to which each can be involved in the business affairs of any other Independent Stylist businesses owned or operated by each person.

No more than two (2) Independent Stylists may have the same home address, or one (1) Independent Stylist is allowed to have another Independent Stylist in their immediate family only if each Independent Stylist runs their business entirely *independently* of that other Independent Stylist. This would include, but is not limited to the following:

- Separate credit cards to be used by each Independent Stylist account for enrollment, eSuite and all product purchases,
- Different emails and phone numbers to be used on the Independent Stylist’s accounts,

- Social Media VIP groups, pages, and promotions are to be separate with no dual administrative functions,
- Once customers are acquired and assigned, there is no sharing of customer sales between the accounts,
- Attendance at Vendor events may be operated together, but all business done must be evenly distributed to the two Independent Stylist accounts and sales documentation provided to Color Street to support the sales entered.

Other limitations on Independent Stylist and Household Businesses include:

- **Marriage/Statutory Domestic Partnership:** If, after having established their own individual Independent Stylist affiliations to Color Street, two (2) Independent Stylists marry or enter into a statutory domestic partnership, they may continue to operate their existing Independent Stylist positions.
- **Divorce:** Color Street is not able to divide commissions among multiple parties, nor is it able to divide a Downline organization. Consequently, in divorce cases, any settlement or divorce decree must award the business in its entirety to the person that was previously listed as the Independent Stylist on the account.
- **Disability:** Should you become disabled to the extent that you can no longer fulfill the required duties, the Independent Stylist Agreement shall terminate.
- **Sale or Transfer:** You may not sell or transfer your Color Street business.

7g – Death of Independent Stylist; Potential Succession of Independent Stylist Business

Upon the death of an Independent Stylist, the family of such Stylist shall promptly notify Color Street of the Stylist's date of death. All commissions and bonuses earned by such Stylist with respect to sales made through the end of the month on or following the Stylist's date of death will be made to the estate of the Independent Stylist. Otherwise, the estate will have no further rights with respect to the Stylist's position and downline, including future commissions and bonuses.

Notwithstanding the foregoing, upon the death of an Independent Stylist with a current career title of Silver Executive or above, all rights to such Stylist's position and downline, including the right to future commissions and bonuses (the "Independent Stylist Business") may be conveyed to a new business owner ("New Business Owner" or "NBO") as hereinafter defined. Any such conveyance (a "Proposed Conveyance") shall be subject to the terms and conditions set forth herein and the approval of the Company in its sole and absolute discretion.

A named NBO with respect to an Independent Stylist may be such Stylist's spouse, adult child, or sibling; provided, however that any such NBO shall also independently meet the leadership criteria established by the Company described in *Section 3 – Building a Team as an Independent Stylist*. The Company reserves the right to evaluate the experience and qualifications of any proposed NBO and to determine, in its sole and absolute discretion, the adequacy thereof.

The Proposed Conveyance shall be made pursuant to the terms of a valid last will and testament, testamentary trust, court order or as otherwise expressly permitted in writing by the Company.

Any NBO shall enter into a new Independent Stylist Agreement and shall be bound by all terms and conditions set forth in the Company's Policies and Procedures. For the avoidance of doubt, however, the Company may in its sole discretion decline to enter into a new Independent Stylist Agreement with a named NBO.

With respect to a Proposed Conveyance to a named NBO that is already an existing Independent Stylist, such NBO must elect to either: (i) decline the Proposed Conveyance and continue his/her existing Independent Stylist Agreement; or (ii) accept the Proposed Conveyance, terminate his/her existing Independent Stylist Agreement, and enter into a new Independent Stylist Agreement upon such terms and conditions as the Company shall determine.

In connection with a Proposed Conveyance, the named NBO (and/or the fiduciary acting on his/her behalf) shall request approval thereof from the Company in writing to the Compliance Department at compliance@colorstreet.com and shall provide such other documentation as shall be requested by the Company, including, but not limited to certified copies of the following documents: (i) last will and testament; (ii) trust agreement; (iii) letters testamentary, (iv) letters of administration, letters trusteeship and/or such other documentation evidencing the legal authority of the fiduciary to act on behalf of the estate or testamentary trust, as applicable; (v) a certification evidencing the legal authority of the fiduciary to convey the Independent Stylist Business to the NBO as contemplated herein and (vi) prior to the completion of the conveyance, which will result in the execution of a new Stylist Agreement, the NBO shall pay a fee of \$500.00 USD, \$682.52 CAN, or 475.67 EEA, payable to Color Street, LLC

To facilitate the foregoing, Independent Stylists are encouraged to engage qualified legal counsel about their personal estate planning. We strongly recommend that any testamentary documents specifically reference the disposition of the Independent Stylist Business to facilitate the potential succession of this business to a New Business Owner. Although we are not rendering legal advice, the following language is provided by way of example for inclusion in testamentary documents:

"I give any interest that I may own at the time of my death in Color Street Independent Stylist Business to [NAME OF PROPOSED NBO], subject to the approval of Color Street, and subject to such other terms and conditions that may be applicable to such transfer pursuant to the Color Street Policies and Procedures then in effect."

7h – Actions of Household Members

If a family member who lives in the same household of an Independent Stylist does something that violates the Independent Stylist Agreement, including failure to adhere to these Policies and Procedures, such activity will be deemed a breach by the Independent Stylist and Color Street may terminate the Independent Stylist Agreement and/or seek other appropriate remedies against such Independent Stylist as determined by Color Street in their sole discretion. In appropriate circumstances and dependent upon the violation, Color Street may elect to first provide notice to the Independent Stylist allowing time to cure the breach prior to further action.

7i – Bank Accounts

As an Independent Stylist, you do not have permission or the right to use the trademark or trade name "Color Street" on bank accounts, credit applications with local suppliers, or any other business forms. Checking accounts can simply be called "Business Accounts". However, if you need to list a business name, you are permitted to use your name and the title "Color Street Independent Stylist". This guideline has been included in order to avoid misleading others into believing that an Independent Stylist's business is the same as the Home Office or that the Independent Stylist is an employee or representative of the Home Office.

7j – Third Party Consumers

If, as an Independent Stylist, you locate and nurture certain business contacts, it is important that you remember that Color Street is a direct-to-consumer sales organization. An Independent Stylist cannot become a "vendor" to another business. This means that even though a third party or a company can purchase Color Street products as gifts for its employees or clients, there may not be a resale value attached to the products. In accordance with this, sales of large amounts of Color Street products to regional or national companies are prohibited. Such large companies that sell large volumes of product to large numbers of people make it difficult to achieve the development of personal relationships and personal service upon which Color Street's business model is based.

7k – Third Party Claims

In the event of any allegation or actual or threatened claims or lawsuit brought or made against an Independent Stylist by a third party arising from or relating to Color Street, Color Street products, the Color Street Opportunity, Color Street Intellectual Property, an individual's conduct as an Independent Stylist, or the independent business operated by an Independent Stylist, the Independent Stylist must advise Color Street in writing immediately prior to taking any action that may damage Color Street or limit Color Street's ability to respond to the issue. Color Street may take whatever action it deems appropriate including but not limited to, controlling any litigation or settlement discussions, to protect itself, its reputation, and its tangible and intangible property. Independent Stylists agree to cooperate in good faith with Color Street in responding to any allegation, claim, or suit and agree to take any action related to any allegation, claim or suit without Color Street's prior consent.

7l – Indemnification

Independent Stylists agree to indemnify Color Street for all costs, expenses, consumer reimbursements, fines, sanctions, damages, settlements, or payments of any other nature that Color Street incurs resulting from or relating to any act or omission by Independent Stylist that is illegal, fraudulent, deceptive, negligent, unethical, or in violation of the Independent Stylist Agreement. Color Street may elect to exercise its indemnification rights by withholding any compensation due the

Independent Stylist. This right of setoff shall not constitute Color Street's exclusive means of recovering or collecting funds due Color Street pursuant to its right to indemnification.

7m – Assignment and Delegation by Color Street

Color Street shall not assign its rights in the Independent Stylist Agreement of any individual Independent Stylist to any third party without the written consent of the Independent Stylist. Notwithstanding the foregoing, if the assets of Color Street, or a controlling ownership interest in Color Street, are transferred to a third party, Color Street may assign its rights and delegate its duties and obligations under the Stylist Agreement to such third party as part of the sale or transfer.

7n – Enforcement of Judgment, Garnishments, Support Orders, Federal Tax Liens, etc. against an Independent Stylist.

The Company will honor enforceable court orders, garnishments, support orders, etc. that have been properly registered in the jurisdiction where the Company is headquartered or registered to do business as an out of state corporation. The Company will also honor any enforceable Federal Tax Lien.

7o – Subpoena and Demands for Records.

Assuming proper jurisdiction, the Company will comply with all subpoena duces tecum demanding financial compensation records of an Independent Stylist in his/her capacity as an independent contractor with the Company. The Company will comply fully with all requests for records accompanied by a properly prepared and signed authorization by the person whose records are being sought. The Company will comply fully with all requests for records by government agencies with the authority to request such records and accompanied by the requisite legal documentation.

7p – Dispute Resolution

If any dispute regarding these Policies and Procedures arises, it will be resolved in accordance with the terms and conditions of the Independent Stylist Agreement.

Exhibit B

Clarkson

Glenn A. Danas, Esq.
Partner

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February 24, 2025

VIA ONLINE ELECTRONIC SUBMISSION

California Labor & Workforce
Development Agency
455 Golden Gate Avenue, 9th Floor
San Francisco, California 94102
SUBMITTED ONLINE

Re: Notice Pursuant to California Labor Code § 2699.3 re Color Street LLC, Fa Park, Brian J. Lee, Brick Bergeson

Pursuant to the Private Attorneys General Act of 2004 (“PAGA”), Cal. Labor Code § 2698, *et seq.*, Ms. Kristy Fields provides this notice on behalf of herself and other aggrieved employees in the State of California to the Labor and Workforce Development Agency (“LWDA”) and Color Street LLC and including any and all affiliates, subsidiaries, parents, directors, officers, and employees, including but not limited to, Fa Park, Brian J. Lee, and Brick Bergeson (collectively, “Color Street”) of Labor Code and Industrial Welfare Commission (“IWC”) Wage Order violations committed by Color Street and personally experienced by Kristy Fields. Please allow this letter to serve as a notice and a request pursuant to § 2699.3 of the California Labor Code that your agency investigate the claims described below. If the agency does not intend to investigate the alleged violations, we ask that you please notify us of that fact. If your agency decides not to investigate the below-described claims, Ms. Fields intends to pursue civil penalties and injunctive relief through a court action and/or in arbitration, on behalf of herself and the other aggrieved employees against whom Labor Code and Wage Order violations were committed by Color Street.

Introduction

Color Street is a New Jersey company headquartered in Totowa, New Jersey. Color Street develops and sells nail polish strips, cosmetics, and beauty products online. Pursuant to Color Street’s business model, it establishes explicit relationships with various individuals known as “Stylists” who market and sell Color Street products for Color Street, establishing and managing a broad range of employment policies and procedures for these “Stylists.” Despite calling these salespeople “Stylists” and designating them independent contractors, these “Stylists” are in fact employees under California law. Color Street has violated numerous provisions of the California Labor Code and applicable IWC Wage Order by denying its “Stylists” the compensation, other benefits and statutory entitlements that they are owed.

One of the many individuals whom Color Street employs as a “Stylist” is Ms. Fields. Ms. Fields has worked for Color Street as a “Stylist” from approximately February 2018 to present, in

California. During that entire time, Ms. Fields was under Color Street's control, selling and marketing Color Street products online in accordance with strict guidelines.

Unless the agency decides to investigate and issue citations for Color Street's numerous Labor Code and Wage Order violations, Ms. Fields intends to bring a representative action in court and/or in arbitration seeking civil penalties for violations of the Labor Code that are recoverable under PAGA on behalf of the State of California and all other aggrieved employees. The aggrieved employees on whose behalf Ms. Fields will file a PAGA civil action include all current and former Color Street "Stylists" who sold Color Street products and services in the State of California during the relevant statutory period, and any other individuals who are actually non-exempt employees of Color Street under California law.

As set forth below, Color Street has violated and/or continues to violate, among other provisions of the California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 226.8, 510, 512(a), 1194, 1997, 1997.1, 2802, and IWC Wage Orders, including inter alia, Wage Order No. 4-2001, and Ms. Fields has personally experienced each of these violations.

Willful Misclassification of an Individual as an Independent Contractor

California law prohibits the willful misclassification of an individual as an independent contractor when he or she is in fact an employee under California law. Cal. Lab. Code § 226.8(a). "Willful misclassification" means avoiding employee status for an individual by voluntarily and knowingly misclassifying that individual as an independent contractor. Cal. Lab. Code § 226.8(i)(4). When an employer willfully misclassifies an individual as an independent contractor, the employer is subject to civil penalties. Cal. Lab. Code § 226.8(b)–(c). Color Street willfully misclassified Ms. Fields and other aggrieved employees as independent contractors, because it has been clear for several years now under California law that its "Stylists" are in fact employees under Cal. Lab. Code § 2775, insofar as such "Stylists" are under Color Street's control in performing their selling duties, the selling duties that "Stylists" do is within the usual course of Color Street's business, and they are not engaged in an independently established trade, occupation or business. Even under a looser definition of "employee," "Stylists" would also be considered employees because Color Street controls the manner and means through which Ms. Fields and other aggrieved employees carry out their duties, including but not limited to restricting advertising, restricting what channels products may be sold through, and providing proprietary lists and direct customer leads.

Failure to Provide Meal Periods and Rest Periods

California law requires employers to provide their employees with an opportunity to take an uninterrupted meal period of no less than thirty (30) minutes before the end of the fifth hour of work when an employee works more than five (5) hours in a day. Cal. Lab. Code §§ 226.7, 512(a); Wage Order No. 4. A second meal period of no less than thirty (30) minutes must be provided before the end of the tenth hour of work when an employee works more than ten (10) hours in a day. Cal. Lab. Code §§ 226.7, 512(a); Wage Order No. 4. Further, an employer must provide an uninterrupted rest period of no less than ten (10) minutes for every four (4) hours, or major fraction thereof, worked. Cal. Lab. Code § 226.7; Wage Order No. 4. When an employer fails to provide a meal or rest period, an hour of pay at the employee's regular rate of compensation is owed to the employee. Cal. Lab. Code § 226.7(c).

Color Street failed to provide Ms. Fields or the other aggrieved employees with an opportunity to take timely, uninterrupted meal and rest periods of the requisite length, free from employer control. Color Street also failed to compensate Ms. Fields and the other aggrieved

employees properly for the non-compliant meal and rest periods including, inter alia, missed, short, late, and/or interrupted meal and rest periods. Color Street also failed to pay premium wages for the many meals and rest breaks that Ms. Fields and the aggrieved employees were deprived of. Indeed, Color Street did not provide any meal or rest breaks or premium compensation for missed breaks to Ms. Fields or other aggrieved employees, since Color Street improperly classified its Promoters as independent contractors who were not entitled to meal or rest breaks.

Failure to Pay Minimum Wages and Failure to Pay Overtime Wages

Color Street violated California Labor Code sections 1194, 1197, and 1197.1 and Wage Order No. 4 by failing to pay Ms. Fields and other aggrieved employees at least minimum wages for all hours worked. Primarily, this was due to Color Street having misclassified its Stylists as independent contractors rather than as employees. Ms. Fields and other aggrieved employees were required or knowingly permitted to perform all their work duties off-the-clock, including but not limited to training, communicating with Color Street, and selling and marketing Color Street products and services. By failing to pay Ms. Fields and other aggrieved employees any wages for their time spent performing work duties for Color Street, Color Street violated Labor Code sections 1194, 1197, and 1197.1 and Wage Order No. 4, which require employers to pay at least the legal minimum wage to their employees.

California Labor Code section 510 and Wage Order No. 4 require employers to pay no less than one and one-half times the regular rate of pay of the employee for hours worked in excess of eight (8) hours in one workday, for hours worked in excess of forty (40) hours in one workweek, and for the first eight (8) hours worked on the seventh day of work in any one workweek, and to pay no less than twice the regular rate of pay of the employee for hours worked in excess of twelve (12) hours in one workday and for any work in excess of eight (8) hours on any seventh day of a workweek. During the relevant time period, Ms. Fields and other aggrieved employees worked over 8 hours in a day and/or 40 hours in a week without overtime compensation because Color Street failed to pay them for their work duties, as described above. This was, in turn, due to Color Street's unlawful misclassification of "Stylists" as independent contractors rather than as employees. On occasions when Ms. Fields and other aggrieved employees had already worked eight hours in one day (performing all their work off-the-clock), Color Street failed to pay them any overtime compensation due. Therefore, Ms. Fields and the other aggrieved employees were entitled to receive overtime compensation from Color Street that Color Street failed to pay, violating Labor Code § 510 and Wage Order No. 4.

Failure to Timely Pay Wages During Employment

California Labor Code section 204 requires that all wages earned by any person in any employment between the 1st and the 15th days, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 16th and the 26th day of the month during which the labor was performed, and that all wages earned by any person in any employment between the 16th and the last day, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 1st and the 10th day of the following month. California Labor Code section 204 also requires that all wages earned for labor more than the normal work period shall be paid no later than the payday for the next regular payroll period. During the relevant period, Color Street failed to pay Ms. Fields and other aggrieved employees all wages due to them, including minimum wages, overtime wages, and meal and rest period premium wages, within any time period specified by California Labor Code section 204. Moreover, Color Street failed to pay Ms. Fields or other aggrieved employees earned commissions in a timely and complete fashion.

Failure to Keep Accurate Payroll Records

California Labor Code section 1174(d) requires an employer to keep at a central location in the state or at the establishments at which employees are employed, payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments. These records shall be kept with rules established for this purpose by the commission, but in any case, shall be kept on file for not less than two years. During the relevant period, Color Street failed to keep accurate and complete payroll records showing the actual hours worked daily and the wages paid to Ms. Fields and other aggrieved employees.

Failure to Furnish Accurate Itemized Wage Statements

Labor Code section 226(a) and Wage Order No. 4 require an employer semimonthly or at the time of each payment of wages to furnish wage statements to its employees setting forth, inter alia, (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and only the last four digits of his or her social security number or an employee identification number other than a social security number, and (8) the name and address of the legal entity that is the employer. Color Street failed to provide any wage statements to Ms. Fields and other aggrieved employees, despite being required to do so. Accordingly, Color Street is subject to civil penalties under Labor Code section 226.3.

Failure to Reimburse Necessary Business Expenses

Labor Code section 2802 and Wage Order No. 4 require employers to indemnify their employees for all necessary business expenses that they incur in direct consequence of the discharge of his or her job duties or in direct consequence of his or her obedience to the directions of the employer. During the relevant period, Ms. Fields and other aggrieved employees incurred necessary business-related expenses and costs that were not fully reimbursed by Color Street. These costs include, but are not limited to, the use of personal cell phones and computers, Wi-Fi and internet connections, premium memberships for access to sites like youtube.com that “Stylists” were required to use to market and sell Color Street services and products, home office equipment, ring lights other equipment for making content videos, among other expenses. Indeed, Ms. Fields and the other aggrieved employees absorbed all the costs associated with marketing and selling Color Street’s products and services at their own expense and without reimbursement by Color Street. Ms. Fields and the aggrieved employees are entitled to reimbursement for all such expenses.

* * *

Color Street has violated, caused to be violated, or is currently violating, numerous provisions of the California Labor Code, as described above. Ms. Fields respectfully requests that the agency investigate the above allegations, and, in any event, provide notice regarding its intent to investigate pursuant to Labor Code § 2699.3. If the agency does not intend to investigate the alleged violations, Ms. Fields respectfully requests a letter confirming the same so that we may bring a civil action for civil penalties and injunctive relief under PAGA against Color Street for the violations described in this letter. Please know that we intend to file a civil complaint and to bring the appropriate claims under Labor Code § 2699 should your office decline to investigate, or investigate but decline to issue citations, within the time frames set out in Labor Code § 2699.3.

February 24, 2025

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Should you require anything further or have questions, please do not hesitate to contact me. Thank you for your consideration.

Respectfully Submitted,

CLARKSON LAW FIRM, P.C.



Glenn A. Danas, Esq.

Via Certified Mail

Color Street, LLC
922 Riverview Dr.
Totowa, NJ 07512

Color Street, LLC
c/o Fa Park
12214 Tillinghast Cir.
Palm Beach, FL 33418

Fa Park
8895 N. Military Trail, Ste. 205D
Palm Beach Gardens, FL 33410

Brian J. Lee
922 Riverview Dr.
Totowa, NJ 07512

Brick Bergeson
922 Riverview Dr.
Totowa, NJ 07512

Exhibit C

Clarkson

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March 11, 2025

VIA ONLINE ELECTRONIC SUBMISSION

California Labor & Workforce
Development Agency
455 Golden Gate Avenue, 9th Floor
San Francisco, California 94102
SUBMITTED ONLINE

Re: Amended Notice Pursuant to California Labor Code § 2699.3 re Color Street LLC, Incoco Products LLC, Incoco Capital LLC, Fa Park, Brian J. Lee, Brick Bergeson, Matt Warner

Pursuant to the Private Attorneys General Act of 2004 (“PAGA”), Cal. Labor Code § 2698, *et seq.*, Ms. Kristy Fields provides this amended notice on behalf of herself and other aggrieved employees in the State of California to the Labor and Workforce Development Agency (“LWDA”), Color Street LLC, Incoco Products LLC, and Incoco Capital LLC and including any and all affiliates, subsidiaries, parents, directors, officers, and employees, including but not limited to, Fa Park, Brian J. Lee, Brick Bergeson, and Matt Warner (collectively, “Color Street”) of Labor Code and Industrial Welfare Commission (“IWC”) Wage Order violations committed by Color Street and personally experienced by Kristy Fields. Please allow this letter to serve as an amended notice and a request pursuant to § 2699.3 of the California Labor Code that your agency investigate the claims described below. If the agency does not intend to investigate the alleged violations, we ask that you please notify us of that fact. If your agency decides not to investigate the below-described claims, Ms. Fields intends to pursue civil penalties and injunctive relief through a court action and/or in arbitration, on behalf of herself and the other aggrieved employees against whom Labor Code and Wage Order violations were committed by Color Street.

Introduction

Color Street is a New Jersey company headquartered in Totowa, New Jersey. Color Street develops and sells nail polish strips, cosmetics, and beauty products online. Pursuant to Color Street’s business model, it establishes explicit relationships with various individuals known as “Stylists” who market and sell Color Street products for Color Street, establishing and managing a broad range of employment policies and procedures for these “Stylists.” Despite calling these salespeople “Stylists” and designating them independent contractors, these “Stylists” are in fact employees under California law. Color Street has violated numerous provisions of the California Labor Code and applicable IWC Wage Order by denying its “Stylists” the compensation, other benefits and statutory entitlements that they are owed.

One of the many individuals whom Color Street employs as a “Stylist” is Ms. Fields. Ms. Fields has worked for Color Street as a “Stylist” from approximately February 2018 to present, in California. During that entire time, Ms. Fields was under Color Street’s control, selling and marketing Color Street products online in accordance with strict guidelines.

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As set forth below, Color Street has violated and/or continues to violate, among other provisions of the California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 226.8, 510, 512(a), 1194, 1997, 1997.1, 2802, and IWC Wage Orders, including inter alia, Wage Order No. 4-2001, and Ms. Fields has personally experienced each of these violations.

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Color Street failed to provide Ms. Fields or the other aggrieved employees with an opportunity to take timely, uninterrupted meal and rest periods of the requisite length, free from employer control. Color Street also failed to compensate Ms. Fields and the other aggrieved employees properly for the non-compliant meal and rest periods including, inter alia, missed, short, late, and/or interrupted meal and rest periods. Color Street also failed to pay premium wages for the many meals and rest breaks that Ms. Fields and the aggrieved employees were deprived of. Indeed, Color Street did not provide any meal or rest breaks or premium compensation for missed breaks to Ms. Fields or other aggrieved employees, since Color Street improperly classified its Promoters as independent contractors who were not entitled to meal or rest breaks.

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California Labor Code section 510 and Wage Order No. 4 require employers to pay no less than one and one-half times the regular rate of pay of the employee for hours worked in excess of eight (8) hours in one workday, for hours worked in excess of forty (40) hours in one workweek, and for the first eight (8) hours worked on the seventh day of work in any one workweek, and to pay no less than twice the regular rate of pay of the employee for hours worked in excess of twelve (12) hours in one workday and for any work in excess of eight (8) hours on any seventh day of a workweek. During the relevant time period, Ms. Fields and other aggrieved employees worked over 8 hours in a day and/or 40 hours in a week without overtime compensation because Color Street failed to pay them for their work duties, as described above. This was, in turn, due to Color Street's unlawful misclassification of "Stylists" as independent contractors rather than as employees. On occasions when Ms. Fields and other aggrieved employees had already worked eight hours in one day (performing all their work off-the-clock), Color Street failed to pay them any overtime compensation due. Therefore, Ms. Fields and the other aggrieved employees were entitled to receive overtime compensation from Color Street that Color Street failed to pay, violating Labor Code § 510 and Wage Order No. 4.

Failure to Timely Pay Wages During Employment

California Labor Code section 204 requires that all wages earned by any person in any employment between the 1st and the 15th days, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 16th and the 26th day of the month during which the labor was performed, and that all wages earned by any person in any employment between the 16th and the last day, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 1st and the 10th day of the following month. California Labor Code section 204 also requires that all wages earned for labor more than the normal work period shall be paid no later than the payday for the next regular payroll period. During the relevant period, Color Street failed to pay Ms. Fields and other aggrieved employees all wages due to them, including minimum wages, overtime wages, and meal and rest period premium wages, within any time period specified by California Labor

Code section 204. Moreover, Color Street failed to pay Ms. Fields or other aggrieved employees earned commissions in a timely and complete fashion.

Failure to Keep Accurate Payroll Records

California Labor Code section 1174(d) requires an employer to keep at a central location in the state or at the establishments at which employees are employed, payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments. These records shall be kept with rules established for this purpose by the commission, but in any case, shall be kept on file for not less than two years. During the relevant period, Color Street failed to keep accurate and complete payroll records showing the actual hours worked daily and the wages paid to Ms. Fields and other aggrieved employees.

Failure to Furnish Accurate Itemized Wage Statements

Labor Code section 226(a) and Wage Order No. 4 require an employer semimonthly or at the time of each payment of wages to furnish wage statements to its employees setting forth, inter alia, (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and only the last four digits of his or her social security number or an employee identification number other than a social security number, and (8) the name and address of the legal entity that is the employer. Color Street failed to provide *any* wage statements to Ms. Fields and other aggrieved employees, despite being required to do so. Accordingly, Color Street is subject to civil penalties under Labor Code section 226.3.

Failure to Reimburse Necessary Business Expenses

Labor Code section 2802 and Wage Order No. 4 require employers to indemnify their employees for all necessary business expenses that they incur in direct consequence of the discharge of his or her job duties or in direct consequence of his or her obedience to the directions of the employer. During the relevant period, Ms. Fields and other aggrieved employees incurred necessary business-related expenses and costs that were not fully reimbursed by Color Street. These costs include, but are not limited to, the use of personal cell phones and computers, Wi-Fi and internet connections, premium memberships for access to sites like youtube.com that “Stylists” were required to use to market and sell Color Street services and products, home office equipment, ring lights other equipment for making content videos, among other expenses. Indeed, Ms. Fields and the other aggrieved employees absorbed all the costs associated with marketing and selling Color Street’s products and services at their own expense and without reimbursement by Color Street. Ms. Fields and the aggrieved employees are entitled to reimbursement for all such expenses.

* * *

Color Street has violated, caused to be violated, or is currently violating, numerous provisions of the California Labor Code, as described above. Ms. Fields respectfully requests that the agency investigate the above amended allegations, and, in any event, provide notice regarding its intent to investigate pursuant to Labor Code § 2699.3. If the agency does not intend to investigate the alleged violations, Ms. Fields respectfully requests a letter confirming the same so that we may bring a civil action for civil penalties and injunctive relief under PAGA against Color

March 11, 2025

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Street for the violations described in this letter. Please know that we intend to file a civil complaint and to bring the appropriate claims under Labor Code § 2699 should your office decline to investigate, or investigate but decline to issue citations, within the time frames set out in Labor Code § 2699.3. Should you require anything further or have questions, please do not hesitate to contact me. Thank you for your consideration.

Respectfully Submitted,

CLARKSON LAW FIRM, P.C.



Glenn A. Danas, Esq.

Via Certified Mail

Color Street, LLC
922 Riverview Dr.
Totowa, NJ 07512

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