

IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS  
\_\_\_\_\_ DIVISION

STATE OF ARKANSAS, *ex rel.*  
LESLIE RUTLEDGE, ATTORNEY GENERAL

PLAINTIFF

v. CASE NO. \_\_\_\_\_

ETHOS CUSTOM BRANDS AR, LLC  
d/b/a ETHOS CUSTOM BRANDS, CHAD  
LITTLE, and BOBBYE RAYE MCADOO

DEFENDANTS

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COMPLAINT

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The State of Arkansas, *ex rel.* Leslie Rutledge, Attorney General (“the State”), for its Complaint against Ethos Custom Brands AR, LLC d/b/a Ethos Custom Brands, Chad Little, and Bobbye Raye McAdoo (collectively “Defendants” or “Ethos”), states:

I. INTRODUCTION

1. This is a consumer protection action brought to redress and restrain violations of the Arkansas Deceptive Trade Practices Act, Ark. Code Ann. §§ 4-88-101 through 115 (“ADTPA”).

2. Defendants manufactured and sold custom leather goods including boots, guitar straps, book covers, and other leather accessories via the Internet out of Western Arkansas and Eastern Oklahoma.

3. Since March 2020, the Attorney General’s Office has received ten (10) unresolved complaints from consumers who paid for custom leather goods that Ethos failed to deliver.

4. Upon information and belief, Ethos has since shut down their business, deactivated their website at [www.ethoscustombrands.com](http://www.ethoscustombrands.com), disconnected their phones, and—according to the Arkansas Secretary of State’s website—dissolved their limited liability company; thus, consumers no longer have any means to contact the business to inquire about their unfulfilled purchases.

5. These acts, as described in more detail below, are deceptive and unconscionable trade practices in violation of the ADTPA.

6. The State seeks an injunction, an order imposing civil penalties, restitution for affected consumers, and other relief against Defendants.

## **II. PARTIES**

7. Plaintiff is the State of Arkansas, *ex rel.* Leslie Rutledge, Attorney General. Attorney General Rutledge is the chief legal officer of the State. Pursuant to Ark. Code Ann. §§ 4-88-104 and 4-88-113, the State may seek civil enforcement of the ADTPA.

8. Defendant Ethos Custom Brands AR, LLC d/b/a Ethos Custom Brands was an Arkansas limited liability company registered with the Arkansas Secretary of State, whose principal place of business was listed as 400 W. Capitol Ave., Little Rock, Arkansas 72201 prior to its dissolution in January 2021.

9. Defendant Chad Little is the owner of Ethos Custom Brands AR, LLC, and according to the Arkansas Secretary of State, served as its registered agent for service of process at 3610 Towson Ave., Suite 7, Fort Smith, Arkansas 72002. At all times relevant to the circumstances alleged in the Complaint, Chad Little operated, controlled, and directed the business activities of Ethos Custom Brands AR, LLC, personally participating in or ratifying the acts and practices of its employees as described in this Complaint. Therefore, in addition to personal liability for his deceptive acts under the ADTPA, he is jointly and severally liable for the deceptive acts of Ethos Custom Brands AR, LLC pursuant to Ark. Code Ann. § 4-88-113(d).

#### **EXHIBIT 1**

10. Defendant Bobbye Raye McAdoo is the Director of Sales and CFO for Ethos Custom Brands AR, LLC. She resides at 6424 Boston St., Fort Smith, Arkansas 72903. At all times relevant to the circumstances alleged in the Complaint, Bobbye Raye McAdoo directly or indirectly operated, controlled, and directed the business activities of Ethos Custom Brands AR, LLC, personally participating in or ratifying the acts and practices of its employees as described in this Complaint. Therefore, in addition to personal liability for her deceptive acts under the ADTPA, she is jointly, and severally liable for the deceptive acts of Ethos Custom Brands AR, LLC pursuant to Ark. Code Ann. § 4-88-113(d). **EXHIBIT 2**

### **III. JURISDICTION**

11. This Court has jurisdiction over this matter pursuant to Ark. Code Ann. § 4-88-104 and the common law of the State of Arkansas.

12. This Court has jurisdiction over Defendants pursuant to Ark. Code Ann. § 16-4-101. At all times relevant to this lawsuit, Defendants systematically and continually conducted business in the State of Arkansas and availed themselves of the privileges of conducting activities within the State of Arkansas.

13. Venue is proper pursuant to Ark. Code Ann. §§ 4-88-104, 4-88-112 and the common law of the State of Arkansas.

#### IV. FACTUAL ALLEGATIONS

14. Defendant Ethos Custom Brands, LLC sold custom leather goods mostly via the Internet out of Sallisaw, Oklahoma until it relocated to Fort Smith, Arkansas on August 20, 2019. **EXHIBIT 3**

15. Although registered with the Arkansas Secretary of State as “Ethos Custom Brands AR, LLC,” Defendants continued doing business as Ethos Custom Brands.

16. As of the date of the filing of this Complaint, Defendants have deactivated their website at [www.ethoscustombrands.com](http://www.ethoscustombrands.com) and discontinued sales on <https://www.custommade.com/by/ethoscustombrands/> and <https://www.etsy.com/shop/EthosCustomBrands>.

17. Defendants, however, continue to advertise and sell goods through other websites, including but not limited to:

- a. [www.thenorthamericanguitar.com](http://www.thenorthamericanguitar.com); **EXHIBIT 4**
- b. <https://sites.google.com/site/ethosguitarstraps/> **EXHIBIT 5**
- c. <https://twitter.com/ethoscustoms> **EXHIBIT 6**

- d. <https://www.youtube.com/user/ethoscustombrands> **EXHIBIT 7**
- e. <https://www.pinterest.com.mx/pin/461619030559293551/> **EXHIBIT 8**
- f. <https://ethosguitarstraps.wordpress.com/n> **EXHIBIT 9**
- g. <https://www.instagram.com/ethoscustombrands/?hl=en> **EXHIBIT 10**

18. While multiple orders remained unfulfilled, Defendants continued to run specials and promotions on their products until at least November 30, 2020.

**EXHIBIT 10**

19. Since 2019, the Arkansas Attorney General's Office and the Better Business Bureau have received nearly forty (40) complaints from consumers who paid for custom leather goods that Ethos failed to deliver.

20. The Attorney General's Office has made multiple attempts to contact Ethos regarding the complaints, but Defendants have been unresponsive since June 2020.

21. In response to increasing complaints, the Attorney General's Office opened a formal investigation into Ethos' business practices and issued a Civil Investigative Demand ("CID") by certified mail on February 23, 2021. **EXHIBIT 11**

22. Ethos' owner and registered agent, Defendant Chad Little, failed to respond to the CID, and it was returned unclaimed on March 12, 2021. **EXHIBIT 12**

23. Upon information and belief, Ethos may have many more unfulfilled orders, but Defendants failed to provide any information about their unfulfilled orders prior to litigation.

24. To date, the Arkansas Attorney General's Office has received eleven complaints from consumers who paid for custom leather goods that Defendants failed to provide, nine of which remain unresolved and unanswered by Defendants.

25. Consumer A paid \$100 for a custom leather guitar strap on March 20, 2019. Defendants delivered a strap that did not meet Consumer A's agreed-to specifications. To date, Defendants have failed to deliver the correct strap or provide a refund. **EXHIBIT 13**

26. Consumer B paid Defendants \$170 for custom leather sandals on September 23, 2019. On January 29, 2020, Defendant Bobbye Raye Mcadoo sent an email to Consumer B claiming that the "back ordered footbeds [were] on the way" and that "[a]t the latest I would say early next week at shipping timeframe." On March 25, 2020, Consumer B replied demanding a refund. Defendant Bobbye Raye McAdoo responded that the sandals were almost complete, but to date, Defendants have failed to deliver the sandals or provide a refund. **EXHIBIT 14**

27. Consumer C paid Defendants \$220 for a custom leather Bible cover on March 4, 2020. To date, Defendants have not delivered the Bible cover or provided a refund. **EXHIBIT 15**

28. Consumer D paid Defendants \$156.75 via PayPal for a guitar strap on March 2, 2020 and \$170.50 for a second strap on March 25, 2020. In August 2020, Consumer D filed a complaint with PayPal because his order had not been delivered. Ethos then responded promising delivery in September, October, and

then December before cutting off communications with Consumer D. To date, Defendants have failed to deliver either strap or provide a refund. **EXHIBIT 16**

29. Consumer E placed a \$159.50 order with Defendants on March 26, 2020. On July 28, 2020, Ethos emailed Consumer E that his order was being expedited and would be sent that week along with a partial refund. To date, Defendants have failed to deliver the goods or provide a refund. **EXHIBIT 17**

30. On May 8, 2020, Consumer F paid Defendants \$123.75 for a custom leather guitar strap ordered off of Defendants' website. Despite Defendant Bobbye Raye McAdoo's assurances that the strap would only take up to twenty days to ship and that Defendants would attempt to send it overnight in June, Defendants have failed to deliver the product or provide a refund over one year later. **EXHIBIT 18**

31. Consumer G paid Defendants \$196.64 for a custom leather bracelet wrist cuff on July 9, 2020. Despite Defendants' repeated assurances that the item was being shipped, to date, Defendants have failed to deliver the wrist cuff or provide a refund. **EXHIBIT 19**

32. On July 20, 2020, Consumer H paid Defendants \$349 for a custom leather guitar strap. To date, Defendants have failed to deliver the goods or provide a refund. **EXHIBIT 20**

33. Consumer I paid Defendants \$400 for a leather guitar strap on December 12, 2020. To date, Defendants have failed to deliver the goods or provide a refund. **EXHIBIT 21**

## V. VIOLATIONS OF LAW

34. The ADTPA sets forth the State's statutory program prohibiting deceptive and unconscionable trade practices.<sup>1</sup>

35. Selling custom leather products via the Internet constitutes the sale of "goods" or "services."<sup>2</sup> The same business practices constitute business, commerce, or trade.<sup>3</sup>

36. Pursuant to Ark. Code Ann. § 4-88-107(a)(10), it is unlawful for any person to engage in unconscionable, false, or deceptive acts or practices in business, commerce, or trade. Defendants have violated this provision by accepting payments for goods and services without delivering the goods or services as advertised.

37. Ark. Code Ann. § 4-88-108(1) prohibits the "act, use, or employment by any person of any deception, fraud, or false pretense." Defendants violated this provision by misleading consumers about completion times and delivery dates at the time of purchase and during subsequent status updates until Ethos finally cut off all communication with their customers.

38. Ark. Code Ann. § 4-88-108(2) prohibits the use of "concealment, suppression, or omission of any material fact with the intent that others rely upon the concealment, suppression, or omission" while selling any goods or services. Defendants have engaged in prohibited conduct by continuing to advertise, sell, and run promotions on custom leather goods while concealing or omitting the material fact that they were unwilling or unable to deliver as promised.

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<sup>1</sup> Ark. Code Ann. §§ 4-88-101, *et seq.*

<sup>2</sup> Ark. Code Ann. § 4-88-102(4) and (7).

<sup>3</sup> Ark. Code Ann. § 4-88-107.

## PRAYER FOR RELIEF

39. The Attorney General may bring a civil action to seek to prevent persons from engaging in the use or employment of prohibited practices.<sup>4</sup>

40. Likewise, the Attorney General may bring a civil action to seek to restore to any purchaser who has suffered any ascertainable loss by reason of the use or employment of the prohibited practices any moneys or real or personal property which may have been acquired by means of any practices declared to be unlawful, together with other damages sustained.<sup>5</sup>

41. The Attorney General may seek an injunction prohibiting any person from engaging in any deceptive or unlawful practice.<sup>6</sup>

42. Any person who violates the provisions of the ADTPA may be assessed a civil penalty of up to \$10,000 per violation.<sup>7</sup>

43. In addition, any person who violates the provisions of the ADTPA shall be liable to the Office of the Attorney General for all costs and fees, including but not limited to, expert witness fees and attorney's fees, incurred by the Office of the Attorney General in the prosecution of such actions.<sup>8</sup>

44. A "person" is an individual, organization, group, association, partnership, corporation, or any combination thereof.<sup>9</sup>

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<sup>4</sup> Ark. Code Ann. § 4-88-113(a)(1).

<sup>5</sup> Ark. Code Ann. § 4-88-113(a)(2)(A).

<sup>6</sup> Ark. Code Ann. §§ 4-88-104 and 4-88-113(a)(1).

<sup>7</sup> Ark. Code Ann. § 4-88-113(a)(3).

<sup>8</sup> Ark. Code Ann. § 4-88-113(e).

<sup>9</sup> Ark. Code Ann. § 4-88-102(5).

45. Defendants are “persons” who have engaged in an unconscionable, false, or deceptive act or practice in business, commerce, or trade.

46. Pursuant to Ark. Code Ann. § 4-88-113(d)(1), “[e]very person who directly or indirectly controls another person who is in violation of or liable under” the ADTPA and every partner, officer, or director of another person who is liable thereunder “shall be jointly and severally liable for any penalties assessed and any monetary judgments awarded in any proceeding for civil enforcement of the provisions of” the ADTPA, “provided that the persons to be held jointly and severally liable knew or reasonably should have known of the existence of the facts by reason of which the violation or liability exists.”

47. The State will exercise its right to a trial by jury.

**WHEREFORE**, the above premises considered, the State of Arkansas, *ex rel.* Leslie Rutledge, Attorney General, respectfully requests that this Court:

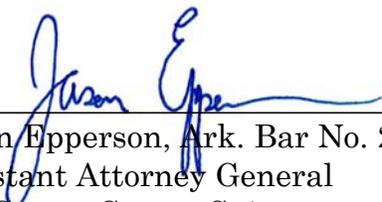
- a. Issue such orders, pursuant to Ark. Code Ann. §§ 4-88-104 and 4-88-113(a)(1), as may be necessary to prevent the use or employment by Defendants of the practices described herein which are violations of the ADTPA;
- b. Issue an order, pursuant to Ark. Code Ann. § 4-88-113(a)(2)(A), requiring Defendants to pay consumer restitution to those Arkansas consumers affected by the activities outlined herein; in addition, or in the alternative, enter an order requiring Defendants to remit to

affected consumers all sums obtained from Arkansas consumers by methods prohibited by Arkansas law;

- c. Impose civil penalties pursuant to Ark. Code Ann. § 4-88-113(b), to be paid to the State by the Defendants in the amount of \$10,000.00 per each violation of the ADTPA proved at a trial of this matter, the full amount of which will exceed the amount necessary to establish federal diversity jurisdiction.
- d. Issue an order, pursuant to Ark. Code Ann. § 4-88-113(e), requiring Defendants to pay the State's costs in this investigation and litigation, including, but not limited to, attorneys' fees and costs; and
- e. For all other just and proper relief to which the State may be entitled.

Respectfully submitted,

**LESLIE RUTLEDGE**  
**ATTORNEY GENERAL**

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