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## Sephora Sued For Deactivating Asian Customers' Accounts

By **Jonathan Randles**

Law360, New York (November 19, 2014, 3:50 PM ET) -- Sephora USA Inc. on Tuesday was slapped with a proposed class action in New York federal court accusing it of deactivating thousands of Asian customers' accounts, allegedly motivated by a racist belief that they were buying discounted beauty products in bulk and reselling them for profit.

The lawsuit, brought by four women of Chinese descent, says Sephora shut down Asian users' accounts after its site crashed on Nov. 6 due to a surge in web traffic brought on by a 20 percent-off sale promotion. Sephora said at the time that it blocked some North American and international customer accounts due to reselling of its products, which the company said is pervasive.

But according to the complaint, only users whose accounts used Chinese web domains or had names that Sephora perceived as being of Asian origin had their accounts deactivated. Plaintiffs attorney Douglas Wigdor of Wigdor LLP said an investigation revealed that only users who fell into those two categories had their accounts blocked.

"It's caused a real uproar in the Asian community," Wigdor said. "If [Sephora] had done some research on the people they shut down, they would have discovered they were not huge purchasers. They had been customers for some time."

The four named plaintiffs, who live in New York, Philadelphia, and Columbus, Ohio, were all members of Sephora's 'Beauty Insider' program, which gives customers who spend certain amounts on the company's products access to discounts and other promotions. The points the women accumulated by buying Sephora products — and which give access to additional discounts and special gifts — have been lost, Wigdor said.

Disgruntled Sephora customers flooded the company's Facebook page with angry messages about the deactivations, saying the policy is racist and discriminates against Asian customers. Sephora has said it only went ahead with the deactivations after it "identified certain entities who take advantage of promotional opportunities to purchase products in large volume on our website and resell them through other channels."

Wigdor said rather than deactivating accounts, Sephora could have addressed the resale issue by putting a limit on the number of products a customer could purchase or capping the amount of money they could spend.

The named plaintiffs seek to represent a class of Sephora customers who were part of the Beauty Insider program who either are or are perceived as being of Chinese or Asian ethnicity and had their accounts blocked or deactivated following the website crash. Wigdor said a potential class would be in the thousands.

Sephora could not immediately be reached for comment Wednesday.

The plaintiffs are represented by Douglas Wigdor, David E. Gottlieb and Elizabeth Chen of Wigdor LLP and Jeanne Christensen of Imbesi Christensen

Counsel information for Sephora was not immediately available.

The case is Xiao Xiao et al., v. Sephora USA Inc. et al., case number 14-cv-9181, in the U.S. District Court for the Southern District of New York.

--Editing by Philip Shea.

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