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10 Attorneys for Plaintiffs and all those similarly situated

11 **UNITED STATES DISTRICT COURT**
 12 **FOR THE DISTRICT OF ARIZONA**

13 JAMES AND SUSAN GORAY, husband and
 14 wife, on behalf of themselves and all persons
 15 similarly situated,

16 Plaintiffs,

17 v.

18 LUMBER LIQUIDATORS, INC., a Delaware
 19 corporation; and DOES 1-100, inclusive,

20 Defendants.

21 **Case No.:**

22 **CLASS ACTION COMPLAINT**
FOR:

- 23 1. **VIOLATIONS OF THE**
MAGNUSON-MOSS
WARRANTY ACT (15 U.S.C. §
2301, et seq.);
- 24 2. **VIOLATIONS OF**
ARIZONA’S CONSUMER
FRAUD ACT (A.R.S. § 44-1521,
et seq.); AND
- 25 3. **STRICT PRODUCTS**
LIABILITY.

26 **AND**

27 **DEMAND FOR JURY TRIAL**

28 Plaintiffs James and Susan Goray, on behalf of themselves and all others similarly
 situated, by and through their undersigned counsel, bring this Complaint in class action and
 allege as follows:

I.

INTRODUCTION

1
2
3 1. Defendant Lumber Liquidators, Inc. has been selling composite laminate
4 flooring products that emit formaldehyde at levels known to pose serious health risks and
5 cause potentially terminal illnesses. The formaldehyde emissions from certain Lumber
6 Liquidators products far exceed the maximum limits allowed by the California Air
7 Resources Board (“CARB”) and the federal Formaldehyde Standards Act which adopted
8 the CARB formaldehyde standards on a nationwide basis. For nearly two years, and
9 possibly longer, Lumber Liquidators has known that flooring products it has manufactured
10 in China, for installation by consumers in homes in the United States, emit unsafe levels of
11 formaldehyde. Nonetheless, Lumber Liquidators has continued to falsely label these
12 products as being compliant with all CARB formaldehyde standards and to falsely state on
13 its website and elsewhere that its products “meet the highest quality and environmental
14 standards.” As a result, consumers have been buying flooring products from Lumber
15 Liquidators that are unsafe.

16 2. Laminate wood flooring is generally composed of a base layer of pressed
17 composite wood (i.e., hardwood, plywood, particleboard, or medium-density fiberboard),
18 which is a mixture of sawdust or wood particles bonded together with glue or resin. The
19 base layer is covered with a veneer or other material such as a photographic image of wood,
20 affixed as a decorative surface.

21 3. Formaldehyde is a common ingredient in the glue used in the laminate
22 flooring base layer. Formaldehyde is a colorless, flammable gas at room temperature and
23 has a strong odor. If used in low levels, it will quickly dissipate during installation.
24 However, if used in higher levels, as was done here, the formaldehyde emanates from the
25 flooring over time. Formaldehyde is a known carcinogen.¹ Long-term exposure to
26

27 ¹ See, e.g., National Toxicology Program, U.S. Department of Health and Human Services (HHS), 12th Report on
28 Carcinogens, June 10, 2011.

1 formaldehyde is linked to increased risk of cancer of the nose and sinuses, including
2 nasopharyngeal and oropharyngeal cancer, and is also known to cause lung cancer and
3 leukemia. Short-term exposure to formaldehyde causes burning eyes, nose and throat
4 irritation, coughing, headaches, dizziness, joint pain and nausea. It has also been linked to
5 the exacerbation of asthma in formaldehyde-sensitive individuals and poses a particularly
6 acute health risk to children.

7 4. Lumber Liquidators supervises and controls the manufacturing of composite
8 laminate wood flooring products in several mills in China. Lumber Liquidators also
9 packages, distributes, markets and/or sells laminate wood flooring products that have been
10 manufactured in China to consumers in the United States.

11 5. From October 2013 through November 2014, three accredited laboratories
12 tested the formaldehyde emissions of laminate wood flooring products from several
13 nationwide retail outlets, including Lowe's, Home Depot, and Lumber Liquidators. Of the
14 dozens of products tested, by far the highest formaldehyde levels were found in the laminate
15 wood flooring sold by Lumber Liquidators that was produced in China. Similar products
16 manufactured in North America generally had much lower formaldehyde levels that
17 complied with the formaldehyde emission standards promulgated by CARB and adopted by
18 the federal Formaldehyde Standards Act. Similar products tested from Lumber Liquidators'
19 competitors also showed significantly lower formaldehyde levels that generally complied
20 with the CARB formaldehyde emission standards. The list of products that have been tested
21 and found to exceed the CARB limit for formaldehyde emissions is set forth below in
22 paragraph 24.

23 6. Lumber Liquidator's labels on its Chinese laminate wood flooring products
24 state that the products comply with strict formaldehyde emission standards promulgated by
25 CARB by stating "CARB CALIFORNIA 93120 PHASE 2 Compliant for Formaldehyde."

26 7. On July 7, 2010, President Obama signed into law the Formaldehyde
27 Standards Act which amends the Toxic Substances Control Act ("TSCA") through the
28 addition of Title VI to the TSCA. The statute establishes formaldehyde emission standards

1 that are identical to the CARB Air Borne Toxic Control Measure standards for
2 formaldehyde in hardwood, plywood, medium-density fiberboard, and particleboard sold,
3 supplied, offered for sale, or manufactured in the United States and directs the
4 Environmental Protection Agency to implement specific regulations.

5 8. In 2014 and early 2015, CBS's "60 Minutes" conducted an independent
6 investigation into Lumber Liquidators' Chinese-made laminate wood flooring products.
7 Investigators purchased 31 boxes of various Chinese-made flooring products from various
8 Lumber Liquidators stores around the United States and sent samples for testing to two
9 certified labs. Of the 31 samples, only one was compliant with CARB formaldehyde
10 emissions standards. Significantly, "[s]ome were more than 13 times over the California
11 limit."²

12 9. 60 Minutes also sent undercover investigators to three different mills in China
13 that manufacture laminates and flooring on behalf of Lumber Liquidators. 60 Minutes
14 reported that:

15 Employees at the mills openly admitted that they used core boards with
16 higher levels of formaldehyde to make Lumber Liquidators laminates,
17 saving the company 10-15 percent on the price. At all three mills they
18 also admitted falsely labeling the company's laminate flooring as CARB
compliant.³

19 10. Along with its product labels, Lumber Liquidators represents on its website
20 and in its warranties that its flooring products comply with strict formaldehyde standards.
21 Lumber Liquidators has made false, deceptive, and misleading statements that its flooring
22 products comply with CARB formaldehyde standards. Lumber Liquidators' website falsely
23 states, "We not only comply with laws – we exceed them." Lumber Liquidators promises its
24 customers the "Highest Quality Flooring. GUARANTEED."⁴

26 ² *Lumber Liquidators Linked to Health and Safety Violations*, 60 Minutes (Mar. 1, 2015), available at
27 <http://www.cbsnews.com/news/lumber-liquidators-linked-to-health-and-safety-violations/>.

28 ³ *Id.*

⁴ <http://www.lumberliquidators.com/11/flooring/quality?WT.ad-GLOBAL FOOTER Quality>.

1 11. Lumber Liquidators has continually sold these products to customers in the
2 United States at its 200 retail stores, including to its Arizona customers at its six retail stores
3 throughout Arizona, through its retail website, www.lumberliquidators.com, and using its
4 toll free customer service telephone line.

5 12. Plaintiffs purchased and installed a Lumber Liquidators product that was
6 manufactured in China, labeled as being CARB compliant, and that was of a type found to
7 have formaldehyde levels that exceed CARB formaldehyde limits. Plaintiffs seek to
8 represent themselves and similarly situated persons in Arizona who have purchased
9 Defendant's laminate wood flooring products that were manufactured in China, labeled as
10 CARB compliant, and sold to consumers in Arizona at any time from January 1, 2011
11 through the date of judgment herein ("the putative class" and "Class Period").

12 13. Plaintiffs seek restitution of monies they and the putative class spent on
13 Defendant's flooring products and damages on behalf of themselves and the putative class
14 to be proven at trial.

15 **II.**
16 **JURISDICTION**

17 14. This Court has subject matter jurisdiction over this action under 28 U.S.C. §
18 1332(d)(2) in that the matter is a class action wherein the amount in controversy exceeds the
19 sum or value of \$5,000,000, exclusive of interest and costs, and members of the Class are
20 citizens of a State different from the Defendant.

21 15. This Court has personal jurisdiction over the parties in this action by the fact
22 that the Defendant is a corporation that is licensed to do business in the state of Arizona or
23 otherwise conduct business in the State of Arizona.

24 16. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b) inasmuch as the
25 unlawful practices are alleged to have been committed in this District, Defendant regularly
26 conducts business in this District, and the named Plaintiffs reside in this District.

27 **III.**
28 **PARTIES**

1 17. Plaintiffs James and Susan Goray are residents of Buckeye, Arizona.

2 18. Defendant Lumber Liquidators Inc. is a Delaware corporation with its
3 headquarters and principal place of business in Toano, Virginia. Lumber Liquidators, Inc.
4 distributes, markets, and/or sells laminate wood flooring products in Arizona.

5 **IV.**

6 **FACTUAL ALLEGATIONS**

7 19. In 1988, the State of California officially listed formaldehyde (gas) as a
8 chemical known to cause cancer.

9 20. In 1992, CARB formally listed formaldehyde as a Toxic Air Contaminant in
10 California with no safe level of exposure.

11 21. CARB approved the Airborne Toxic Control Measure to Reduce
12 Formaldehyde Emissions from Composite Wood Products in April 2007. The formaldehyde
13 emission standards became effective January 2009 and set decreasing limits in two Phases.
14 Cal. Code Regs., tit. 17, § 93120.2(a).

15 22. The CARB Regulations apply to composite wood (“laminate”) products
16 including flooring. Cal Code-Regs., tit. 17, § 93120.2(a).

17 23. The CARB Phase 1 Emission Standard for MDF in effect from January 1,
18 2009 to December 31, 2010, limited formaldehyde emissions to 0.21 parts per million
19 (“ppm”). The Phase 2 Emission Standard for medium-density fiberboard (“MDF”) dictates
20 that as of January 1, 2011, MDF flooring products such as those involved in this action must
21 emit no more than 0.11 parts per million (“ppm”) of formaldehyde. The CARB Phase 1
22 Emission Standard for Thin MDF, which was in effect from January 1, 2009 to December
23 31, 2011, limited formaldehyde emissions to 0.21 ppm. The CARB Phase 2 Emission
24 Standard for Thin MDF dictates that as of January 1, 2012, thin MDF flooring products
25 such as those involved in this action must emit no more than 0.13 ppm of formaldehyde.
26 Cal. Code Regs., tit. 17, § 93120.2(a). (The formaldehyde emission standards for both MDF
27 and Thin MDF will be referred to as the “CARB limit.”)

28

1 24. Defendant supervises and/or controls the manufacturing and packaging of
2 laminate wood flooring products in China that Defendant then distributes, markets, and/or
3 sells in the United States, including Arizona. Those laminate wood flooring products
4 contain formaldehyde and emit formaldehyde gas at levels that exceed, and sometimes
5 grossly exceed, the CARB limit. Those laminate wood flooring products include, but are not
6 limited to, the following:

- 7 ➤ 8 mm Bristol County Cherry Laminate Flooring;
- 8 ➤ 8 mm Dream Home Nirvana French Oak Laminate Flooring;
- 9 ➤ 8 mm Dream Home Nirvana Royal Mahogany Laminate Flooring;
- 10 ➤ 12 mm Dream Home Ispiri Americas Mission Olive Laminate Flooring;
- 11 ➤ 12 mm Dream Home Ispiri Chimney Tops Smoked Oak Laminate
12 Flooring;
- 13 ➤ 12 mm Dream Home Ispiri Poplar Forest Oak Laminate Flooring;
- 14 ➤ 12 mm Dream Home Kensington Manor Antique Bamboo Laminate
15 Flooring;
- 16 ➤ 12 mm Dream Home Kensington Manor Cape Doctor Laminate Flooring;
- 17 ➤ 12 mm Dream Home Kensington Manor Fumed African Ironwood
18 Laminate Flooring;
- 19 ➤ 12 mm Dream Home Kensington Manor Glacier Peak Poplar Laminate
20 Flooring;
- 21 ➤ 12 mm Dream Home Kensington Manor Golden Teak Laminate Flooring;
- 22 ➤ 12 mm Dream Home Kensington Manor Handscraped Imperial Teak
23 Laminate Flooring
- 24 ➤ 12 mm Dream Home Kensington Manor Handscraped Summer Retreat
25 Teak Laminate Flooring;
- 26 ➤ 12 mm Dream Home Kensington Manor Sandy Hills Hickory Laminate
27 Flooring;

- 1 ➤ 12 mm Dream Home Kensington Manor Tanzanian Wenge Laminate
- 2 Flooring;
- 3 ➤ 12 mm Dream Home Kensington Manor Warm Springs Chestnut
- 4 Laminate Flooring;
- 5 ➤ 12 mm Dream Home St. James African Mahogany Laminate Flooring;
- 6 ➤ 12 mm Dream Home St. James Blacksburg Barn Board Laminate
- 7 Flooring;
- 8 ➤ 12 mm Dream Home St. James Brazilian Koa Laminate Flooring;
- 9 ➤ 12 mm Dream Home St. James Chimney Rock Charcoal Laminate
- 10 Flooring;
- 11 ➤ 12 mm Dream Home St. James Cumberland Mountain Oak Laminate
- 12 Flooring;
- 13 ➤ 12 mm Dream Home St. James Golden Acacia Laminate Flooring;
- 14 ➤ 12 mm Dream Home St. James Nantucket Beech Laminate Flooring;
- 15 ➤ 12 mm Dream Home St. James Oceanside Plank Bamboo Laminate
- 16 Flooring;
- 17 ➤ 12 mm Dream Home St. James Vintner's Reserve Laminate Flooring; and
- 18 ➤ 15 mm Dream Home St. James Sky Lakes Pine Laminate Flooring

19 25. CARB formaldehyde emission regulations apply to all of the above-listed
20 flooring products.

21 26. Upon information and belief, each of the Lumber Liquidators' laminate wood
22 flooring products listed in paragraph 24 above are manufactured in China using a common
23 formula, design, or process.

24 27. Upon information and belief, each of the Lumber Liquidators' laminate wood
25 flooring products listed in paragraph 24 above emit formaldehyde gas at levels that exceed
26 the CARB limits.

27 28. Despite unlawful levels of formaldehyde emissions from its laminate wood
28 flooring products, Defendant misrepresents to consumers on their website, product

1 packaging, and warranties that their laminate wood flooring products meet the CARB
2 standards for formaldehyde emissions.

3 29. Lumber Liquidators' website leads consumers to believe that the company's
4 laminate wood flooring products comply with the CARB formaldehyde standards when
5 they do not. The website states as follows:

6 Q: Does Lumber Liquidators comply with CARB regulations?
7

8 A: Yes. To comply with the CARB standards, applicable laminate and
9 engineered flooring and accessories sold by Lumber Liquidators are
10 purchased from manufacturers whose production methods have been
11 certified by a Third Party Certifier approved by the State of California
12 to meet the CARB standards; or from suppliers who source composite
13 wood raw materials only from certified manufacturers. The scope of the
14 certification by the Third Party Certifier includes the confirmation that
15 the manufacturer has implemented the quality systems, process controls,
16 and testing procedures outlined by CARB and that their composite
17 wood products conform to the specified emission limits.

18 Q: Does CARB only apply to California?
19

20 A: Though it currently applies only to products sold in California,
21 **Lumber Liquidators made a decision to require all of our vendors
22 to comply with the California Air Resources Board regulations
23 regardless of whether we intended to sell the products in California
24 or any other state/country.** [Emphasis in original.]

25 Q: What extra steps does Lumber Liquidators take to ensure
26 compliance?
27

28 A: In addition to the California Air Resources Board requirements,
29 **Lumber Liquidators regularly selects one or more finished products
30 from each of its suppliers and submits them for independent third-
31 party lab testing.** This is done as a monitoring activity to validate
32 ongoing quality control. [Emphasis in original.]⁵

33 ⁵ http://www.Lumberliquidators.com/11/flooring/ca-air-resources-boardregulations? Wt.ad GLOBAL_ FOOTER_
34 CaliRegCARB.

1 30. After the dangerous formaldehyde levels in Lumber Liquidators’ products
2 was featured on the news program “60 Minutes,” Lumber Liquidator responded by posting
3 a letter from its Chairman on its website stating:

4
5 Let me make one thing very clear – our laminate products, all of our
6 products, are 100% safe.

7 ...

8 We comply with applicable regulations regarding our products,
9 including California standards for formaldehyde emissions for
10 composite wood products – the most stringent rules in the country. We
11 take our commitment to safety even further by employing compliance
12 personnel around the world and utilizing the latest in cutting – edge
technology to provide our customers with top quality and high value
flooring.⁶

13 31. In addition, the product packaging for Lumber Liquidators’ laminate wood
14 flooring states: “CARB CALIFORNIA 93120 PHASE 2 Compliant for Formaldehyde.”
15 Upon information and belief, this statement is presented on all Lumber Liquidators’
16 laminate flooring product packaging regardless of whether or not the flooring inside the
17 packaging complies with the CARB standards.

18 32. Lumber Liquidators’ purchase orders come with a warranty stating that the
19 customer’s purchased flooring products comply “with all applicable laws, codes and
20 regulations,” and “bear all warnings, labels, and markings required by applicable laws and
21 regulations.”

22 33. Instead of warning consumers about formaldehyde emissions from its
23 laminate wood flooring products, Lumber Liquidators’ website states that it has Third-Party
24 Certifiers approve its flooring products to meet CARB standards:

25
26 Regulations and Lumber Liquidators’ Compliance

27
28 ⁶ <http://www.lumberliquidators.com/sustainability/60-minutes-letter-from-tom/>.

1
2 The California Air Reform Bill (CARB) requires that products
3 containing Hardwood Plywood Veneer Core (HWP-VC), Hardwood
4 Plywood Composite Core (HWPC), Particleboard and MDF be tested
5 for emissions and products not meeting the strict standards for
6 emissions may not be sold in California.

7
8 The Environmental Protection Agency has drafted national standards for
9 formaldehyde emissions in composite wood products that are similar to
10 those of California. Those standards have not yet been enacted.

11 All laminates and engineered flooring products sold by Lumber
12 Liquidators are purchased from mills whose production method has
13 been certified by a Third-Party Certifier approved by the State of
14 California to meet the CARB standards. The scope of the certification
15 by the Third-Party Certifier includes the confirmation that the
16 manufacturer has implemented the quality systems, process controls,
17 and testing procedures outlined by CARB and that their products
18 conform to the specified formaldehyde emission limits. The Third-Party
19 Certifier also provides ongoing oversight to validate the manufacturers'
20 compliance and manufacturers must be periodically recertified. Though
21 it currently applies only to products sold in California, Lumber
22 Liquidators made a decision to require all of our suppliers to comply
23 with CARB regardless of whether we intended to sell the products in
24 California or any other state/country. In addition, our suppliers
25 manufacture their products in accordance with the European standard
26 which has stricter guidelines than the California. In addition to the
27 CARB requirements, Lumber Liquidators regularly selects one or more
28 products from each of its suppliers and submits them for independent
third-party lab testing. This is done as a monitoring activity to validate
ongoing compliance.⁷

34. Lumber Liquidators materially misrepresents the safety of its laminate wood
flooring products by advertising and representing that its flooring products are compliant
with the CARB limit when in fact they are not.

36. These laminate wood flooring products have been sold by Defendant for use
in the United States, including Arizona.

⁷ http://www.lumberliquidators.com/ll/flooring/Flooring101?Wt.ad=RIGHTNAV_Flooring101.

1 37. Defendant continues to distribute and sell its laminate wood flooring products
2 to customers in the United States, including Arizona, with the representation that they are
3 CARB compliant, even though they are not.

4 38. On information and belief, at all times relevant to this action, Lumber
5 Liquidators has knowingly misrepresented its laminate wood flooring products as CARB
6 compliant.

7 39. Defendant made public statements to consumers that the laminate wood
8 products it sells are sourced from mills whose production methods are CARB compliant,
9 that the products conform to CARB's specified formaldehyde emission limits, and that
10 Lumber Liquidators takes measures to ensure full compliance by its suppliers. However, at
11 the same time, Defendant acknowledged the opposite in its February 25, 2014 10-K filing
12 with the United States Securities and Exchange Commission ("SEC"), stating: "While our
13 suppliers agree to operate in compliance with applicable laws and regulations, including
14 those relating to environmental and labor practices, *we do not control our suppliers*.
15 Accordingly, we cannot guarantee that they comply with such laws and regulations or
16 operate in a legal, ethical and responsible manner Violation of environmental, labor or other
17 laws by our suppliers or their failure to operate in a legal, ethical and responsible manner
18 could . . . expose us to legal risks as a result of our purchase of product from non-compliant
19 suppliers."⁸ (Emphasis added.)

20 40. Despite its stated concern that its suppliers might not comply with
21 environmental regulations, Defendant has failed to sufficiently exercise- its quality control
22 over those suppliers to ensure that they comply with CARB standards, and Defendant
23 continues to sell to Arizona consumers non-CARB complaint laminate wood flooring
24 products that Defendant obtains from those suppliers.

25
26
27 ⁸ Lumber Liquidators February 25, 2014 10-K at p. 14, <http://investors.lumberliquidators.com/index.php?o=25&s=127>
28 In the same filing, Lumber Liquidators acknowledges that it oversees quality control in its Chinese mills: "We are able to set demanding specifications for product quality and our own quality control and assurance teams are on-site at the mills, coordinating inspection and assurance procedures." *Id.* at p. 5.

1 41. On June 20, 2013, the news website *Seeking Alpha* published a lengthy article
2 based on a letter to the California Air Resources Board. The letter and article documented,
3 based on testing performed by a certified laboratory, high formaldehyde levels in Chinese-
4 made laminate wood flooring products sold by Lumber Liquidators. Enclosed with the
5 letter were the actual test results showing that the tested flooring product, Mayflower 5/16”
6 x 5” Bund Birch Engineered, emits three and half times the maximum formaldehyde
7 emission level. Nonetheless, the letter notes that Lumber Liquidators labeled the product as
8 being CARB compliant.

9 42. On information and belief, high-formaldehyde-content resins and glues are
10 less expensive and dry more quickly than low formaldehyde glues and resins. By using high
11 formaldehyde content resins and glues rather than low formaldehyde content resins and
12 glues, Lumber Liquidators’ Chinese manufacturers are able to produce laminate wood
13 flooring more quickly and at higher volumes thereby reducing costs and generating greater
14 profits for Lumber Liquidators.

15 43. On or about November 26, 2013, a putative federal securities class action
16 lawsuit was filed against Lumber Liquidators in the United States District Court in the
17 Eastern District of Virginia based on drops in the stock price following the *Seeking Alpha*
18 article and its allegations concerning the formaldehyde emissions from Defendant’s
19 laminate wood flooring products. *Kiken v. Lumber Liquidators Holdings, Inc., et al.*, Case
20 No. 4:2013-CV-00157 (E.D. Virginia). This case is currently pending. Lumber Liquidators
21 was made aware during the pendency of this and other lawsuits of complaints and
22 allegations that its laminate wood flooring products from China emit formaldehyde gas at
23 levels that violate the CARB limit.

24 44. Numerous Lumber Liquidators customers have posted internet complaints on
25 Defendant’s website concerning formaldehyde emissions, including Ellen of Columbus,
26 Ohio who posted on the Consumer Affairs website on March 2, 2015:

27 Never again will I shop at or recommend Lumber Liquidators. I am
28 disgusted my family is at risk and my child is sick. My baby is 6 months
 old and has had chronic wheezing since a month old. We and the

1 doctors have tried almost everything and still his respiratory issues will
2 not clear up. We installed laminate flooring on our entire bottom level a
3 few years ago and that laminate flooring is one with extreme levels of
4 formaldehyde. Thank you Lumber Liquidators for causing harm to my
5 family. We will now be living on a cement slab until we can afford
6 flooring.⁹

7 45. Based on lawsuits, articles, and blog posts, Defendant knew or should have
8 known that its laminate wood flooring products were not compliant with CARB standards.
9 Despite this knowledge, Defendant failed to reformulate its flooring products so that they
10 are CARB compliant. Instead, Defendant has sold and continues to sell laminate wood
11 flooring products in the United States, including Arizona that exceed the CARB limit while
12 continually representing to consumers that those products are CARB compliant.

13 46. In light of the false representations Lumber Liquidators has made regarding
14 formaldehyde levels, and in light of the health risks posed by formaldehyde, Plaintiffs and
15 members of the class would reasonably fear for their safety by allowing the laminate
16 flooring to remain in their homes. It would therefore be reasonably prudent to incur the cost
17 of replacing the laminate flooring rather than continue to incur the risks posed by the
18 laminate flooring that may contain high levels of formaldehyde.

19 **V.**

20 **FACTS RELATING TO NAMED PLAINTIFFS**

21 47. In October, 2013, Plaintiffs James and Susan Goray purchased approximately
22 380 square feet of 12 mm Dream Home Kensington Manor Golden Teak Laminate Flooring
23 at a Lumber Liquidators store located in Peoria, Arizona. On information and belief, the
24 flooring was produced at the laminate mill in China.

25 48. The Gorays purchased the laminate flooring for the purpose of installing it in
26 their Buckeye, Arizona home that they share with their beloved pet dogs, Domino, Lilly,
27 and Sophy. Mrs. Goray previously worked in the pet food industry and is aware of the risks
28 inherent with the Chinese using deceptive practices in the addition of a derivative of

⁹ http://www.consumeraffairs.com/homeowners/lumber_liquidators.html.

1 melamine in certain Chinese-made pet food products. She therefore set out to ensure that
2 the formaldehyde levels in the Chinese-made Lumber Liquidators' flooring complied with
3 the law.

4 49. Prior to purchasing the laminate flooring from Lumber Liquidators, the
5 Gorays viewed Lumber Liquidators' website and saw the representations Lumber
6 Liquidators made regarding the safety and compliance of its products.

7 50. At the time they purchased the laminate flooring from the Lumber Liquidators
8 retail store, the Gorays specifically noted the label stating that the product was "CARB
9 CALIFORNIA 93120 PHASE 2 Compliant for Formaldehyde." The Gorays chose Lumber
10 Liquidators' flooring product because it was expressly represented as being CARB
11 compliant for formaldehyde.

12 51. The Gorays relied on the representations that the laminate wood flooring they
13 were purchasing was CARB compliant for formaldehyde. They would not have purchased
14 the product absent this representation.

15 52. At the time that Plaintiffs purchased this laminate wood flooring, Lumber
16 Liquidators' representation that the product was compliant with CARB formaldehyde
17 emission standards was false.

18 54. In November 2013, the Gorays installed the flooring in their home. By the
19 beginning of 2014, Sophy began experiencing symptoms that include extreme shortness of
20 breath, weakness, fatigue, and incessant coughing and sneezing. Soon after this, Mr. Goray
21 began to experience similar symptoms. Their symptoms are consistent with exposure to
22 unsafe levels of formaldehyde and have continued to persist.

23 55. On or about March 8, 2015, Mr. and Mrs. Goray learned for the first time that
24 the representations Lumber Liquidators made regarding the formaldehyde compliance of its
25 product were false. In light of the risks to their health, and particularly to the health of Mr.
26 Goray and Sophy, the Gorays intend to have their flooring replaced.

27 56. Had the Lumber Liquidators' laminate wood flooring been CARB compliant,
28 the Gorays would have been satisfied with their purchase.

1 **VI.**

2 **CLASS ACTION ALLEGATIONS**

3 57. Plaintiffs repeat and re-allege each and every allegation above as if fully set
4 forth herein.

5 58. Plaintiffs bring this action under Rule 23 of the Federal Rules of Civil
6 Procedure, on behalf of themselves and a Class consisting of:

7 All persons who, from January 1, 2011 to the present, purchased from
8 Defendant in Arizona one or more laminate wood flooring products that
9 were for their personal use rather than for resale or distribution, that
10 were manufactured in China, and that were advertised as being CARB
compliant.

11 59. Excluded from the Class are governmental entities, Defendant, its affiliates
12 and subsidiaries, Defendant's current or former employees, officers, directors, agents,
13 representatives, their family members, the members of this Court and its staff.

14 60. Plaintiffs do not know the exact size or identities of the members of the
15 proposed class, since such information is in the exclusive control of Defendant. Plaintiffs
16 believe that the Class encompasses many hundreds and perhaps thousands of individuals
17 whose identities can be readily ascertained from Defendant's books and records. Therefore,
18 the proposed Class is so numerous that joinder of all members is impracticable.

19 61. Based on the size of the claims at issue, Plaintiffs believe the amount in
20 controversy exceeds \$5 million.

21 62. All members of the Class have been subject to and affected by the same
22 conduct. All members purchased Chinese-made laminate wood flooring products from the
23 Defendant that were falsely advertised as being known to be compliant with CARB
24 standards for formaldehyde and were therefore safe to install in homes or businesses.
25 Instead, the levels of formaldehyde in the flooring products were, at a minimum, unknown
26 and in many cases emitting dangerous levels of formaldehyde. There are numerous
27 questions of law and fact that are common to the class, and predominate over any questions
28

1 affecting only individual members of the Class. These questions include, but are not limited
2 to, the following:

- 3 ➤ Whether Lumber Liquidators properly and adequately monitored their
4 Chinese manufacturing plants to ensure CARB compliance;
- 5 ➤ Whether Lumber Liquidators' laminate wood flooring products that were
6 manufactured in China and sold in Arizona exceed the CARB limit;
- 7 ➤ Whether Lumber Liquidators falsely labeled and advertised its Chinese
8 manufactured laminate wood flooring products as being CARB compliant;
- 9 ➤ Whether any false representations by Lumber Liquidators regarding CARB
10 compliance were made knowingly and willfully;
- 11 ➤ Whether Lumber Liquidators breached express warranties to class members
12 regarding its laminate wood flooring products pursuant to the Magnuson Moss
13 Warranty Act, 15 U.S.C. § 2301, *et seq.*;
- 14 ➤ Whether Lumber Liquidators' affirmative misrepresentations as to its
15 laminate wood flooring products being CARB compliant constitutes unfair or
16 deceptive practices under Arizona's Consumer Fraud Act, A.R.S. § 44-1521,
17 *et seq.*;
- 18 ➤ Whether Lumber Liquidators' Chinese manufactured laminate wood flooring
19 products constitute an unreasonably dangerous product;
- 20 ➤ Whether Lumber Liquidators' Chinese manufactured laminate wood flooring
21 products were defective when they left Lumber Liquidators' control;
- 22 ➤ Whether Lumber Liquidators is strictly liable for any injury, including
23 economic loss, caused to Plaintiffs and members of their Class by
24 manufacturing, selling, and/or distributing its Chinese manufactured laminate
25 wood flooring products;
- 26 ➤ Whether the above practices caused Class members to suffer injury; and
- 27 ➤ The proper measure of damages.

28

1 70. 15 U.S.C. § 2310(d)(1) provides “a consumer who is damaged by the failure
2 of a supplier, warrantor, or service contractor to comply with any obligation under this title
3 [15 USCS §§ 2301 et seq.], or under a written warranty, implied warranty, or service
4 contract, may bring suit for damages and other legal and equitable relief.”

5 71. Plaintiffs and the other members of the class are “consumers” within the
6 meaning of 15 U.S.C. § 2301(3).

7 72. Defendant is a “supplier” and “warrantor” within the meaning of 15 U.S.C. §§
8 2301(4) and (5).

9 73. Within the Class Period, Plaintiffs and members of their Class contracted with
10 Defendant to purchase Defendant’s laminate wood flooring products.

11 74. Within the Class Period, Defendant sold Plaintiffs and member of their Class
12 its laminate wood flooring products.

13 75. The laminate wood flooring was purchased separate from the initial
14 construction of the structure into which it was to be or has been installed and therefore
15 constitutes a “consumer product” within the meaning of 15 U.S.C. § 2301(1).

16 76. Defendant’s express warranties and written affirmations of fact that the
17 laminate wood flooring was in compliance with CARB formaldehyde standards constitutes
18 a written warranty within the meaning of 15 U.S.C. § 2301(6).

19 77. Defendant breached their warranties by manufacturing, selling, and/or
20 distributing flooring products with levels of formaldehyde that exceed the CARB standards,
21 or by making affirmative representations regarding CARB compliance without knowledge
22 of its truth.

23 78. Defendant’s breach deprived Plaintiffs and the other Class members of the
24 benefit of their bargains.

25 79. The amount in controversy of Plaintiffs’ individual claims exceeds the value
26 of \$25. The amount in controversy with respect to the class claims to be determined in this
27 action exceeds the value of \$50,000, exclusive of interest and costs.

28

1 Defendant to purchase Defendant’s laminate wood flooring products.

2 91. Within the Class Period, Defendant sold Plaintiffs and member of their Class
3 its laminate wood flooring products.

4 92. Defendant’s act of selling its laminate wood flooring products to Plaintiffs
5 and members of their Class constitutes a “sale” within the meaning of A.R.S. § 44-1521(7).

6 93. By falsely labeling its laminate wood flooring products as being CARB
7 compliant, Defendant made materially false and deceptive representations regarding CARB
8 compliance in connection with the sale of its laminate wood flooring products to Plaintiffs
9 and members of their Class.

10 94. Defendant intended to deceptively label its laminate wood flooring products
11 as being CARB compliant and otherwise “compliant for formaldehyde.”

12 95. As a result of the actions described in paragraph 93& 94, Defendant violated
13 A.R.S. § 44-1522.

14 96. As a direct and proximate result of Defendant’s deceptive acts and
15 concomitant violations of A.R.S. § 44-1522, Plaintiffs and members of their Class have
16 been damaged in that they have not received the CARB compliant flooring product they
17 were promised and paid for, and will be, required to pay the costs for removal and
18 replacement thereof. Because of the damage or injury Plaintiffs and members of their Class
19 have suffered, they are entitled to relief as set forth in Section VIII of this Complaint.

20 97. Moreover, Defendant’s deceptive conduct and practices warrant the
21 imposition of punitive damages because Defendant’s wrongful conduct was wanton or
22 reckless, entailed spite or ill will, or demonstrates a reckless indifference to the interests of
23 others.

24 **COUNT III**

25 **STRICT PRODUCTS LIABILITY**

26 98. Plaintiffs repeat and re-allege each and every allegation above as if fully set
27 forth herein.

28

1 99. Plaintiffs bring this claim on behalf of themselves and on behalf of each
2 member of the Class described above.

3 100. Within the Class Period, Defendant manufactured, distributed, marketed,
4 and/or sold its laminate wood flooring products to Plaintiffs and members of their Class that
5 it represented as complying with CARB formaldehyde emission standards.

6 101. Defendant's laminate wood flooring products in fact do not comply with
7 CARB formaldehyde emission standards. Instead, those flooring products contain unsafe
8 levels of formaldehyde, a known human carcinogen.

9 102. This design and/or manufacturing defect makes Defendant's laminate wood
10 flooring products unreasonably dangerous.

11 103. Defendant's laminate wood flooring products pose an unreasonable danger to
12 Plaintiffs and members of their Class because those products emit excessive amounts of a
13 toxic substance, formaldehyde, which is known to cause cancer.

14 104. The laminate wood flooring products manufactured, distributed, marketed,
15 and/or sold by Defendant were unreasonably dangerous and defective at the time they left
16 Defendant's control and remained unchanged and in that same condition at the time of the
17 harm suffered by Plaintiffs and members of their Class.

18 105. As a direct and proximate cause of Defendant's manufacture, distribution,
19 marketing, and/or sale of the unreasonably dangerous and defectively designed and/or
20 manufactured laminate wood flooring products, Plaintiffs and members of their Class have
21 been damaged in that they have not received the CARB compliant flooring product they
22 were promised and paid for, and will be, required to pay the costs for removal and
23 replacement thereof, to avoid exposure to the unsafe levels of formaldehyde emanating for
24 Defendant's laminate wood flooring in their homes. Because of the damage or injury
25 Plaintiffs and members of their Class have suffered, they are entitled to relief as set forth in
26 Section VIII of this Complaint.

27 106. Moreover, Defendant's deceptive conduct and practices warrant the
28 imposition of punitive damages because Defendant's wrongful conduct was wanton or

1 reckless, entailed spite or ill will, or demonstrates a reckless indifference to the interests of
2 others.

3 **VIII.**

4 **PRAYER FOR JUDGMENT**

5 **WHEREFORE**, Plaintiffs and members of their Class pray for judgment against
6 Defendants, including Does 1-100, and each of them as follows:

- 7 1. For an order certifying this action as a class action under Fed.R.Civ.P. 23,
8 defining the Class as requested herein, and appointing the undersigned as
9 class counsel;
- 10 2. For damages in an amount to be determined at trial for damages including
11 actual, compensatory, and consequential damages incurred by Plaintiffs and
12 Class Members;
- 13 3. For restitution in an amount to be determined at trial of all money and/or
14 property that Plaintiffs and Class Members provided to Defendant for the
15 purchase and installation of Defendant's Chinese-made laminate wood
16 flooring products that were manufactured and sold in violation of the law;
- 17 4. For punitive damages in an amount to be determined at trial;
- 18 5. For an award to Plaintiffs and Class Members of reasonable attorneys' fees
19 and costs pursuant to any applicable contract provision and applicable law,
20 including, but not limited to, 15 U.S.C. § 2310(d)(2);
- 21 6. For prejudgment interest; and
- 22 7. For such other and further relief as the Court deems just and proper.

23 RESPECTFULLY SUBMITTED this 2nd day of April, 2015.

24 **KASDAN LIPPSMITH WEBER TURNER LLP**

25 By: /s/ Stephen L. Weber
26 Stephen L. Weber, Esq.
27 Michael J. White, Esq.
28 James W. Fleming, Esq.
Attorneys for Plaintiffs and Class

DEMAND FOR JURY TRIAL

Plaintiffs hereby demand trial by jury on all causes of action triable thereby.

RESPECTFULLY SUBMITTED this 2nd day of April, 2015.

KASDAN LIPPSMITH WEBER TURNER LLP

By: /s/ Stephen L. Weber
Stephen L. Weber, Esq.
Michael J. White, Esq.
James W. Fleming, Esq.
Attorneys for Plaintiffs and Class

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CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS
James and Susan Goray
(b) County of Residence of First Listed Plaintiff Maricopa
(c) Attorneys (Firm Name, Address, and Telephone Number)
Kasdan LippSmith Weber Turner, LLP
3200 N. Central Ave., Suite 2100
Phoenix, AZ 85012

DEFENDANTS
Lumber Liquidators, Inc.
County of Residence of First Listed Defendant Maricopa
NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.
Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)
1 U.S. Government Plaintiff
2 U.S. Government Defendant
3 Federal Question (U.S. Government Not a Party)
4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)
PTF DEF
Citizen of This State X 1 1 Incorporated or Principal Place of Business In This State 4 4
Citizen of Another State 2 2 Incorporated and Principal Place of Business In Another State 5 X 5
Citizen or Subject of a Foreign Country 3 3 Foreign Nation 6 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Table with 5 columns: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES. Includes various legal categories like Insurance, Motor Vehicle, Personal Injury, etc.

V. ORIGIN (Place an "X" in One Box Only)
1 Original Proceeding
2 Removed from State Court
3 Remanded from Appellate Court
4 Reinstated or Reopened
5 Transferred from Another District
6 Multidistrict Litigation

VI. CAUSE OF ACTION
Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
28 U.S.C. 1332 (d)(2)
Brief description of cause:
Product liability for unreasonably dangerous product

VII. REQUESTED IN COMPLAINT:
CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. DEMAND \$ 5,000,001.00
CHECK YES only if demanded in complaint: JURY DEMAND: X Yes 0 No

VIII. RELATED CASE(S) IF ANY
(See instructions): JUDGE DOCKET NUMBER

DATE SIGNATURE OF ATTORNEY OF RECORD
/s/ Stephen L. Weber

FOR OFFICE USE ONLY
RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE
Print Save As... Reset

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I.(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
- (b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)
- (c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".
- II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.
 United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.
 United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.
 Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.
 Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerk(s) in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.
- V. Origin.** Place an "X" in one of the six boxes.
 Original Proceedings. (1) Cases which originate in the United States district courts.
 Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.
 Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.
 Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
 Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.
 Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service
- VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.
 Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.
 Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

Date and Attorney Signature. Date and sign the civil cover sheet.