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15 Attorneys for Plaintiffs And The Proposed Class

16 **IN THE UNITED STATES DISTRICT COURT**  
17 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

18 LOGAN PEREL, an individual, on  
19 behalf of himself and all others  
20 similarly situated,

21 Plaintiffs,

22 vs.

23 LUMBER LIQUIDATORS, INC., a  
24 Delaware corporation,

25 Defendant.  
26

Case No. 2:16-cv-06685

**CLASS ACTION COMPLAINT  
FOR DAMAGES AND  
INJUNCTIVE RELIEF**

**DEMAND FOR JURY TRIAL**

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1 Plaintiff Logan Perel (“Plaintiff”), individually and on behalf of all other  
2 persons similarly situated, by his undersigned attorneys, alleges the following based  
3 upon personal knowledge as to himself and his own acts, and upon information and  
4 belief as to all other matters based upon the investigation conducted by and through  
5 his counsel, which includes, among other things, review and analysis of Lumber  
6 Liquidators Holdings, Inc.’s public documents, Securities and Exchange  
7 Commission (“SEC”) filings, web sites, announcements, analysts’ reports and  
8 investigative journalist reports. Plaintiff believes that substantial evidentiary support  
9 will exist for the allegations set forth herein after reasonable opportunity for  
10 discovery.

### 11 INTRODUCTION

12 1. This is a breach of warranty, fraudulent omission/concealment, and  
13 federal and state statutory class action on behalf of a class consisting of all persons  
14 who reside in United States who purchased from Lumber Liquidators, Inc.  
15 (“Lumber Liquidators,” “the Company,” or “Defendant”) laminate flooring products  
16 manufactured in China under the private-label “Dream Home” brand (the  
17 “Laminates”) concerning Plaintiff’s Third Cause of Action, or alternatively on  
18 behalf of a class of all persons who reside in Virginia for all claims for relief,  
19 seeking to recover damages caused by the Company’s failure to deliver durable  
20 flooring that complied with the specified industry standard contained in the product  
21 description. These products are not durable as represented, and are not merchantable  
22 for general household use because they do not meet the claimed industry standard.  
23 Lumber Liquidators’ failure to disclose that the Laminates were substandard and  
24 defective caused Plaintiff and the proposed class to overpay for the subject flooring.

25 2. Lumber Liquidators is one of the largest specialty retailers of hardwood  
26 flooring and laminates in the United States. The Company sells directly to  
27 homeowners or to contractors acting on behalf of homeowners through its network  
28 of approximately 300 retail stores in 46 states, including Virginia.

**GENERALIZED FACTUAL ALLEGATIONS**

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3. Prior to Plaintiff’s purchase Lumber Liquidators extensively advertised and marketed the Laminates as compliant with an established European abrasion criteria or class, “AC3,” the primary industry standard for durability of laminate flooring. However, the Laminates are not AC3-compliant or durable.

4. An AC3-rated laminate is considered in the industry as suitable for general household use, including high traffic areas such as hallways and kitchens.

5. Lumber Liquidators, on its website, describes the suitability of AC3-rated laminates as “Residential, Heavy Traffic: Suitable for all areas.”

6. In the United States, laminates with less than an AC3 rating are not considered suitable for general household use.

7. Plaintiff sought, was informed and led to believe that he was buying, and intended to buy, laminate flooring suitable for general household use.

8. The “Dream Home” brand is a private-label brand owned, marketed, and sold exclusively by Lumber Liquidators. The Dream Home brand includes the St. James, Ispiri, Kensington Manor, and Nirvana flooring lines.

9. From time to time Lumber Liquidators has sourced laminates under the “Dream Home” brand from plants located in different countries, including the United States. The Laminates that are the subject to this action are limited to Lumber Liquidators’ Chinese-manufactured laminates.

10. Plaintiff and putative Class Members purchased the Laminates through one of Lumber Liquidators’ company-owned retail outlets, based upon express oral representations of the Laminates’ durability, made by Lumber Liquidators sales staff that the Laminates were “very durable,” “extremely durable,” “scratch resistant,” “harder than hardwood,” “great for pets,” “pet proof,” could withstand “high traffic in a residential home,” and had a “30 year warranty.”

11. Plaintiff and many putative Class Members had, before purchase of the Laminates, specific concerns regarding the susceptibility of laminate flooring to

1 scratching from normal residential use or from the claws of their pets. Lumber  
2 Liquidators told them that they had nothing to worry about: that the Laminates  
3 would stand up to pets, as attested to in a video posted on its website focused on this  
4 very concern.

5 12. Lumber Liquidators has promoted the Laminates through its in-store  
6 management and sales staff, who are trained based on—and are encouraged to  
7 consult and repeat—the product specifications, features, and supposed “advantages”  
8 described on product pages for each of the Laminates on the Lumber Liquidators  
9 web site. Each of the individual Laminates’ product pages describe the Laminate as  
10 meeting the industry AC3 standard.

11 13. The AC3 standard that Lumber Liquidators claims that its Laminates  
12 adhere to is the primary basis upon which:

- 13 a. Its in-store sales staff represents that the Laminates are “durable,” “very  
14 durable,” “extremely durable,” “scratch resistant,” and “harder than  
15 hardwood”;
- 16 b. Its Laminates “landing page” on its website (from which the consumer  
17 can select model-specific web pages containing detailed descriptions of  
18 each model) have represented that the Laminates are each “very  
19 durable” and “very scratch resistant”; and
- 20 c. Lumber Liquidators claims, in its Limited Warranties, that the  
21 Laminates each meet the “industry’s highest standards.”

22 14. Despite Defendant’s pervasive representations, the Laminates are not  
23 AC3 compliant and not durable, as revealed by extensive recent product testing as  
24 part of the investigation leading to this action.

25 15. The failure of the Laminates to meet the industry AC3 standard as  
26 claimed leads to a host of problems for consumers and Plaintiff as set forth below,  
27 including but not limited to:

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- 1 a. Visible and unsightly scratching in normal everyday use, including but
- 2 not limited to pet traffic;
- 3 b. Wear patterns that expose and deteriorate the photographic paper layer
- 4 of the laminate that is supposed to be protected by the wear layer for
- 5 twenty-five to thirty years;
- 6 c. Chipping;
- 7 d. Fading;
- 8 e. Warping; and
- 9 f. Staining.

10 **The Laminates Are Substantially Similar Products**

11 16. Laminate flooring is considered in the industry and by financial  
12 analysts as a commodity product, in the sense that its construction is relatively  
13 uniform across brands and models, with each seller competing largely on the basis  
14 of price.

15 17. As set forth in greater detail below, the Laminates comprise a single  
16 product, which are substantially similar in every way material to the claims  
17 presented herein. The differences among each model of the Laminates are primarily  
18 cosmetic—designed to meet varying interior decoration preferences of consumers  
19 (including color, style of wood grain image, board width, etc.).

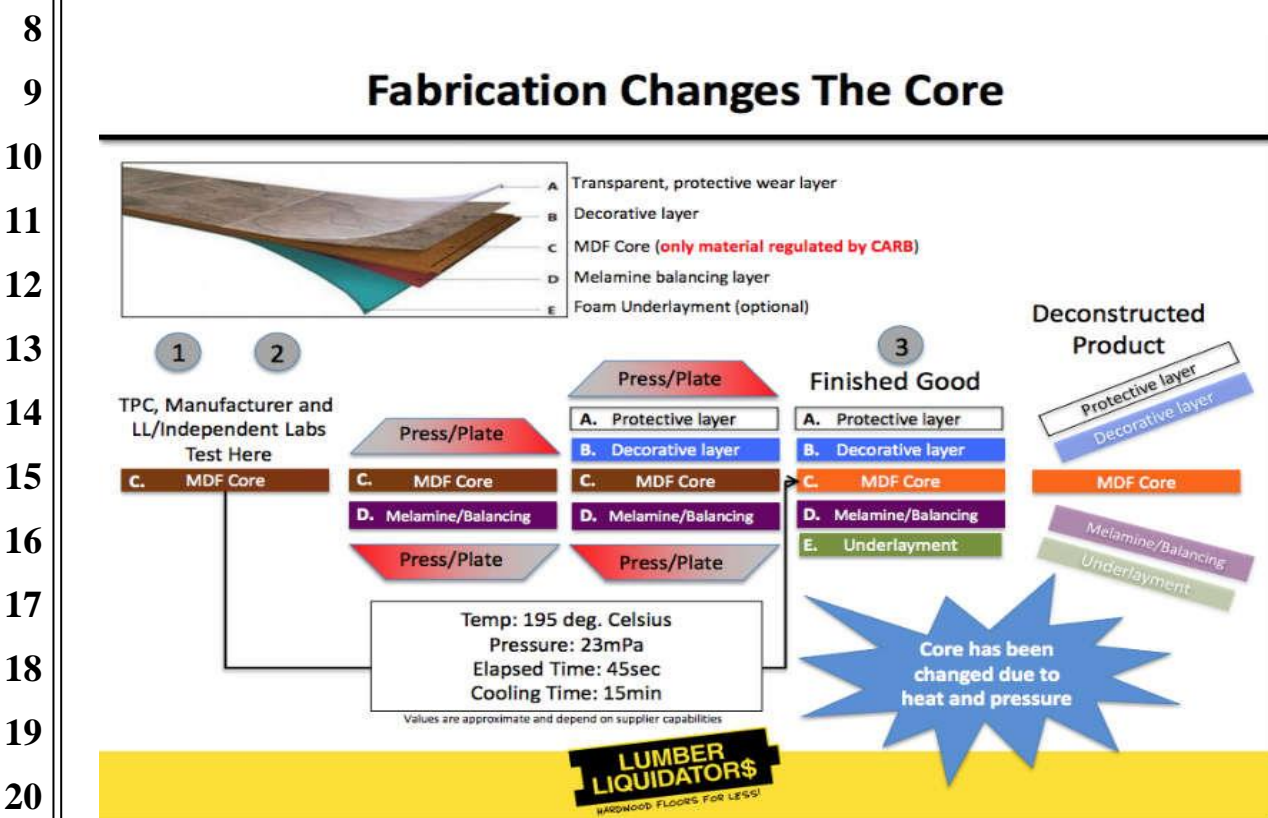
20 18. Typically, laminate flooring sold at retail for residential use is  
21 constructed using four basic layers:

- 22 a. The bottom backing layer (balancing layer) to create a stable and level
- 23 support for the rest of the plank;
- 24 b. On top of the backing layer is a medium density or high density
- 25 fiberboard core, which are frequently referred to in the industry
- 26 interchangeably as MDF or HDF cores;
- 27 c. On top of the core is a decorative layer (photograph paper) of wood
- 28 grain or other pattern; and

1 19. The transparent top layer of a melamine resin, the wear layer, provides  
 2 protection against wear, scratching, staining, and fading.

3 20. The laminate floor is created when the four layers are pressed together  
 4 under pressure and heat. The sheets are then cut into individual planks and  
 5 frequently have tongue and groove edges cut into them.<sup>1</sup>

6 21. An image found on Lumber Liquidators' website confirms that the  
 7 Laminates are substantially similar:



22 This image was created by Lumber Liquidators to advance its position that its  
 23 Chinese-manufactured laminates (the same products as the Laminates) do not  
 24 violate California Air Resources Board regulations for formaldehyde. The fact that  
 25 the Company is able to describe the construction and manufacturing process for  
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27 <sup>1</sup> Laminate flooring is frequently installed on underlayment material to  
 28 improve sound or moisture performance, and occasionally such underlayment is pre-  
 glued to the backing layer for convenience.

1 each of the Laminates in a single image demonstrates that the Laminates are  
2 substantially similar products.

3 The Laminates are distinguished primarily by aesthetic considerations having  
4 to do with the color and wood grain depiction of the decorative layer, the gloss, the  
5 width of the boards, and other variables (including thickness) which do not  
6 materially affect the durability of the various Laminates.

7 **“Durability” And Similar Descriptions Are Based On The AC3 Rating**

8 22. Whether or not a laminate meets the AC3 standard is dependent upon  
9 the thickness, uniformity, and composition of the top wear layer.

10 23. In the residential laminate flooring industry, AC rating is closely  
11 associated with “durability.”

12 24. An example is Pergo. Pergo is the most prominent brand of laminate  
13 flooring sold in the United States. On its website, [www.pergo.com](http://www.pergo.com), under the tab  
14 “Information & Help” and the pick list “FAQs” for the question “How is Pergo  
15 laminate flooring constructed?” is explained:

16 The first component is our patented ScratchGuard Advanced surface  
17 protection, which is comprised of a melamine resin enriched with aluminum  
18 oxide particles for enhanced scratch and scuff protection. In our most  
19 premium performance floors, ScratchGuard Advanced is combined with our  
innovative PermaMax™ wear layer to create a highly durable and wear-  
resistant surface that provides twice the wear and twice the durability\* versus  
ordinary laminates.

20 The asterisk next to “durability” in the above quote references the following  
21 note:

22 “\*Wear Claim compared to standard AC-3 laminate flooring and  
23 measured in accordance with NALFA/ANSI LF-01 2011 and/or EN  
13329:2006+A1:2008.”<sup>2</sup>

24 25. The term “durable” when used in the retail residential laminate flooring  
25 industry is a reference to—and evaluated by—the relative AC rating of the laminate  
26 flooring product.

27 \_\_\_\_\_  
28 <sup>2</sup> [https://na.pergo.com/Care\\_Maintenance/faq](https://na.pergo.com/Care_Maintenance/faq) (visited March 1, 2016).

1           26. “Durable” when used in the retail residential wood laminate flooring  
2 industry means an AC rating of at least AC3.

3           27. The term “premium” when used in the retail residential laminate  
4 flooring industry is a reference to—and evaluated by—the relative AC rating of the  
5 laminate flooring product.

6           28. “Premium” as used in this industry means an AC rating of at least AC3.

7           29. Lumber Liquidators itself equates its laminates’ AC rating with their  
8 durability. On a webpage published by Defendant on its website no later than May  
9 7, 2013, at <http://www.lumberliquidators.com/blog/whats-an-ac-rating>, Lumber  
10 Liquidators states (emphasis added):

11                   Considering some new laminate thanks to your coupon? You  
12 may think the thicker the laminate the better, and the longer the  
13 warranty the longer it will last! That isn’t always the case, though. **So  
14 how do you know which laminate will last in your home (or  
15 commercial space)? Luckily, the European Producers of Laminate  
16 Flooring (EPLF) developed the Abrasion Rating System to give us  
17 a way of determining durability and recommended usage level of  
18 different laminate floors. The common term used to denote the  
19 durability of laminate flooring is the Abrasion Criteria or “AC”  
20 rating.**

21                   **So, what exactly do AC ratings tell us? They represent a  
22 laminate’s resistance to abrasion, impact, stains and cigarette  
23 burns. AC ratings also indicate that the product has been tested for  
24 the effects of furniture legs, castors, and swelling along its edges.**  
25 When a laminate flooring product has a rating, then it has passed all of  
26 the test criteria. Failing just one test will disqualify a product.

27                   The AC rating levels are designated AC1 through AC5, **each  
28 reflecting the product’s application and durability.**

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29                   **An AC3 for residential use is perfectly adequate. Typically  
30 the higher the laminate flooring rating, the higher the price may  
31 be.**

32           30. Accordingly, when sellers of residential laminate flooring in the United  
33 States refer to a laminate product as “durable,” “very durable,” “scratch resistant,”  
34 “harder than hardwood,” or “premium,” such representation constitutes a  
35 representation that the subject laminate meets at least the AC3 durability standard.



1           31.     Additionally, when Lumber Liquidators made express representations  
2 regarding the durability, scratch resistance and premium quality of the Laminates on  
3 its website, and when it trained its retail store managers and sales staff to describe  
4 the Laminates to shoppers as “durable,” “very durable,” “scratch resistant,” “would  
5 not scratch,” “would not scratch from pet nails,” “harder than hardwood,” “just as  
6 durable as hardwood,” and like representations, it did so based upon its claim that  
7 the product met the AC3 industry standard for durability, including wear resistance.

8 **General Residential Laminate Flooring Must Be AC3 Or Better to Be**  
9 **Merchantable**

10           32.     Lumber Liquidators’ primary competition in the residential flooring  
11 market, and in particular the market for laminate flooring, have for many years been  
12 the “big box” stores Lowe's and Home Depot.

13           33.     Lowe's and Home Depot, as well as smaller independent flooring  
14 retailers, sell non-private-label laminate flooring in addition to any private-label  
15 laminate that they sell. The following branded laminate flooring manufacturers each  
16 specify a minimum rating of AC3 for the U.S. market: Pergo, Bruce Laminate,  
17 Armstrong Laminate, QuickStep Laminate, and Alloc Laminate.

18           34.     Major retail sellers of residential laminate flooring in the United  
19 States—including Lumber Liquidators, Lowe's, and Home Depot—have settled on  
20 AC3 as the suitable minimum product standard in terms of durability for general use  
21 residential flooring.

22           35.     Lowe's does not offer any laminate flooring with a durability rating less  
23 than AC3 on its website or in its stores.

24           36.     Home Depot’s website offers some 291 laminate flooring models in its  
25 “residential” or “commercial-residential” lines, all of which have a rating of AC3 or

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1 higher. Home Depot's website offers no laminate flooring with a durability rating  
2 under AC3.<sup>3</sup>

3 37. In the market for laminate flooring in the United States, in order for  
4 laminate residential flooring to pass without objection in the trade for general  
5 residential use (including hallways and kitchens), a laminate must meet at least the  
6 AC3 durability standard.

7 **Lumber Liquidators' Responsibility for Marketing Defective Laminates**

8 38. In January 2011, Lumber Liquidators, whose stock is publically traded,  
9 under the direction of founder, Thomas D. Sullivan, hired Robert M. Lynch as  
10 President and Chief Executive Officer. Lynch brought with him to Lumber  
11 Liquidators William K. Schlegel as the new Chief Merchandising Officer for the  
12 Company.

13 39. Between February 22, 2012, and February 27, 2015, these officers and  
14 Chief Financial Officer Daniel Terrell reported record gross margins which were  
15 significantly higher than its major competitors (Home Depot and Lowe's). Through  
16 these officers Lumber Liquidators misrepresented that the major driver of its high  
17 margins were legitimate "sourcing initiatives" implemented by the company in  
18 China designed to reduce the cost of goods, cut out middlemen, increase control by  
19 the company, and strengthen relationships with its suppliers.

20 40. Sullivan, Lynch, Schlegel, and Terrell are individual defendants in a  
21 nationwide class action alleging that each of them and the company committed  
22 securities fraud in violation, *inter alia*, of Section 10(b) of the Securities Exchange  
23 Act of 1934, 15 U.S. Code § 78j, and SEC Rule 10b-5 promulgated thereunder. *In re*  
24

25 <sup>3</sup> [http://www.homedepot.com/b/Flooring-Laminate-Flooring-Laminate-](http://www.homedepot.com/b/Flooring-Laminate-Flooring-Laminate-Wood-Flooring/N-5yc1vZbejk)  
26 [Wood-Flooring/N-5yc1vZbejk](http://www.homedepot.com/b/Flooring-Laminate-Flooring-Laminate-Wood-Flooring/N-5yc1vZbejk) (visited March 1, 2016). In addition to these 291  
27 laminates, Home Depot's website lists three Shaw products that are shown as having  
28 an AC2 rating. However none of these models is actually available for purchase  
online or in any identifiable store, and Home Depot's customer care department  
confirms that they are no longer available and have been discontinued.

1 *Lumber Liquidators Holdings, Inc. Securities Litigation*, Case No. 4:13-cv-00157-  
2 (E.D. Va.). An element of a Section 10(b) securities fraud action is “scienter,”  
3 defined as having either an intent to deceive or having been reckless in the making  
4 of false or misleading representations, or with respect to an omission of material  
5 fact.

6 41. Lynch and Schlegel had extensive prior experience in sourcing  
7 products from Chinese manufacturing plants prior to joining Lumber Liquidators.

8 42. Among flooring retailers, laminates fill a product niche as a relatively  
9 inexpensive alternative to real (natural) solid wood flooring, generally offering the  
10 look of wood at a lower price point. This is the niche that Lumber Liquidators’  
11 Dream Home private-label brand of laminates filled at the company.

12 43. For many years, laminates and solid wood flooring have constituted the  
13 most significant product ranges for Lumber Liquidators in terms of sales.

14 44. Soon after they joined Lumber Liquidators, Lynch and Schlegel  
15 engaged in a so-called “sourcing initiative” regarding Lumber Liquidators’  
16 regarding the Laminates. As part of this initiative, they travelled to China and  
17 conducted “line reviews,” consisting of requiring competing Chinese laminate mills  
18 to re-bid for Lumber Liquidators’ laminate business.

19 45. Lumber Liquidators obtained steep discounts from the Chinese mills  
20 that manufactured the Laminates. After receiving these discounts, Lumber  
21 Liquidators continued to represent to its customers that the Laminates complied with  
22 all regulatory and applicable industry standards, including notably the standards for  
23 formaldehyde emissions established by the California Air Resources Board (“CARB  
24 2”) and the European AC3 durability standard. Lumber Liquidators was selling  
25 substandard laminates as premium products, thereby inflating its margins.

26 46. Based on Lynch’s and Schlegel’s prior experience in sourcing products  
27 from China and on widespread industry knowledge by American companies  
28 sourcing products there, Lumber Liquidators knew, or recklessly disregarded, that

1 negotiating steep price discounts with Chinese manufactures ran a high risk of such  
2 manufacturers cutting corners to reduce manufacturing costs in order to maintain  
3 margin or profits, regardless of the technical requirements of Lumber Liquidators'  
4 supply contracts and product specifications.

5 47. In March 2015, the CBS News program "60 Minutes" broadcast the  
6 findings of its extensive investigation, which included hidden on camera interviews  
7 of several plant managers at Lumber Liquidators' Chinese suppliers, revealing that  
8 30 out of the 31 boxes of Laminates purchased in the United States by CBS did not  
9 comply with the CARB 2 standard as represented on Lumber Liquidators' website  
10 and on its Dream Home product labels.

11 48. In an on-camera interview broadcast by CBS 60 Minutes, a plant  
12 manager of one of Lumber Liquidators Laminates suppliers, referring to a package  
13 of Lumber Liquidators' Dream Home laminate flooring on the plant floor, admitted  
14 that the product was not CARB 2 compliant. He further stated that the plant was  
15 capable of manufacturing CARB 2 laminate, but that it would be more expensive to  
16 do so.

17 49. On May 7, 2015, Lumber Liquidators discontinued all sales of Chinese-  
18 sourced laminates, when it had approximately \$20 million inventory of this product  
19 on hand.

20 50. On December 21, 2015, Judge Arenda L. Wright Allen of the United  
21 States District Court for the Eastern District of Virginia entered a ruling denying  
22 Lumber Liquidators', Sullivan's, Lynch's, and Schlegel's motions to dismiss the  
23 security fraud claims, finding that the allegations met the heightened pleading  
24 standards for scienter set forth in the Private Securities Litigation Reform Act of  
25 1995. The court did so in part based upon the allegations in the Consolidated  
26 Amended Complaint for violation of the Federal Securities Laws in the above-  
27 reference case, summarized above, concerning Lumber Liquidators' "sourcing  
28 initiatives" and "line reviews" by Lynch and Schlegel, and the Company's allegedly

1 false explanations of the nature of its elevated margins for the Laminates, based  
2 upon the sale of cheaper, non-CARB Phase 2 compliant Laminates.

3 51. Similar to the formaldehyde non-compliance of the Laminates (which  
4 is not the basis of any claims made in this action), Lumber Liquidators' Chinese  
5 suppliers have the capacity to manufacture AC3 laminate flooring, but it is more  
6 expensive to do so (versus manufacturing AC2, AC1, or laminates that fail even the  
7 AC1 standard, such as the Laminates). This is because the incorporation of more  
8 resilient wear layers is more expensive.

9 52. Similar to the formaldehyde non-compliance of the Laminates (which  
10 is not the basis for any claims made in this action), Lumber Liquidators knew that its  
11 Laminates did not comply with AC3, or was reckless in continuing to represent AC3  
12 compliance without independently verifying same, after negotiating discounts with  
13 its Laminates suppliers.

14 53. In a "limited warranty" that Lumber Liquidators contends it extended  
15 to Plaintiff and all putative Class Members in conjunction with their purchases of  
16 the St. James, Ispiri, Kensington Manor, and Nirvana lines of Dream Home brand  
17 Laminates, Lumber Liquidators states:

18 Each board is meticulously inspected throughout the manufacturing  
19 process to make sure it complies with [St James's] unwavering  
standards.

20 If these statements are true, then Lumber Liquidators must have known that the  
21 Laminates were not AC3 compliant, as extensive testing has now revealed.

22 54. In its limited warranties for the Laminates, Lumber Liquidators states  
23 that the Laminates are "free of defects."

24 55. Lumber Liquidators knew that its Laminates did not comply with AC3,  
25 or was reckless in continuing to represent AC3 compliance without independently  
26 verifying same after negotiating discounts with its Laminates suppliers.

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**1 Defendant's Website and Other Misrepresentations and Omissions**

2 56. When researching Laminates on the Lumber Liquidators' website,  
3 Plaintiff visited a minimum two pages shortly before purchasing Lumber  
4 Liquidators' product:

5 a. a laminates "landing page" ("Laminates Landing Page")  
6 describing the Company's wood laminate flooring, including the Laminates,  
7 and containing specific representations; and

8 b. a product-specific page, accessed by clicking on an image or  
9 name shown on the Laminates Landing Page, that provided more particular  
10 specification for each Laminate product.

11 57. Plaintiff saw the following representations by Lumber Liquidators on  
12 the Laminates Landing Page:

13 a. "Very durable and scratch-resistant;" or

14 b. "Very scratch-resistant."

15 58. Each Laminate product-specific webpage expressly described the  
16 Laminate as having an AC rating of "AC3."

17 59. Defendant's website advertised that the Laminates, including the "St.  
18 James Collection", the "Kensington Manor Collection", the "Nirvana" Collection  
19 and the "Ispiri Collection" all have an AC rating of "AC3".

20 60. Defendant also represents on its website that the Nirvana Collection  
21 comes with a "25 year warranty."

22 61. Defendant also represents on its website that the St. James Collection is  
23 "very durable" and comes with a "30 year warranty."

24 62. Defendant also represents on its website that "Kensington Manor is a  
25 premium 12mm laminate" and lists the "Kensington Manor Flooring Advantages,"  
26 which include an AC Rating of AC3 and a 30 year warranty.

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1           63. Defendant also represents on its website that its Ispiri Collection has  
2 certain superior qualities and ingredients, including: "With its new laminate  
3 manufacturing process called Liquid Oxide High Definition technology the Ispiri  
4 Collection has raised the bar on . . . durability." Further, Defendant's website  
5 represents the "Ispiri Collection's Advantages" include an AC rating of AC3 and a  
6 30 year warranty.

7           61. Lumber Liquidators' store managers and staff, who are employees of  
8 Defendant, are trained by Lumber Liquidators to answer customer questions and to  
9 market the Laminates.

10           62. These employees are encouraged and trained to use Lumber  
11 Liquidators product descriptions contained on Defendants' website, including the  
12 Laminate Landing Page and product-specific pages for the Laminates, to describe  
13 the Laminates' characteristics and qualities.

14           63. As set forth more particularly below, these employees systematically  
15 told Plaintiff and other customers that the Laminates were "very durable," "just as  
16 durable as U.S.-made laminates," "scratch-resistant," "more durable than  
17 hardwood," "harder than hardwood," and that they "would not scratch," "wood not  
18 scratch from pet nails," and would "hold up" to pets. These representations were  
19 made to Plaintiff and to putative Class Members based upon the Laminates' claimed  
20 AC3 compliance.

21           64. Defendant, and its employees, failed to disclose to Plaintiff and to each  
22 putative Class Member that the Laminates were not AC3 compliant, were not  
23 durable, were not scratch-resistant, and would not resist fading, staining, and the  
24 other problems alleged herein relating to the defect.

25           65. On page 1 of its invoice provided to Plaintiff at the time of sale,  
26 Lumber Liquidators states that both the Kensington Manor Dream Home Laminate  
27 and the St. James Oceanside Plank come with a "30 year warranty." There is no  
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1 reference on page 1 of the invoice to a “limited warranty,” and no indication of any  
2 limitation to the warranty on this page.

3 66. The subsequent disclaimer, appearing on page 4 of Plaintiff’s invoice,  
4 is not conspicuous, is vague and does not mention the word “merchantability” as  
5 required under the Uniform Commercial Code as a requirement to disclaim the  
6 implied warranty of merchantability.

7 67. Lumber Liquidators’ purported “limited warranties” were not presented  
8 to or shown to Plaintiff or putative Class Members at the time of the sale.

9 68. Any limitations in the limited warranties fail of their essential purpose,  
10 or are otherwise both procedurally and substantively unconscionable, and therefore  
11 ineffective.

12 **Why Lumber Liquidators Representations Are False**

13 69. Lumber Liquidators’ representations that the Laminates meet the  
14 industry AC3 standard are false because the Laminates do not meet this standard.

15 70. Lumber Liquidators’ representations that the Laminates are “durable,”  
16 “very durable,” “very scratch-resistant,” “scratch-resistant,” and “harder than  
17 hardwood” and the oral representations listed above and more particularly below are  
18 false because the Laminates do not have these qualities, on account of the defects  
19 alleged herein.

20 **Plaintiff’s Discovery of the Durability Defect**

21 71. Over the past months, a sample of Plaintiff’s laminate flooring product  
22 was tested by a certified and accredited laboratory. The testing method used by the  
23 lab is the same standardized test method used worldwide throughout the flooring  
24 industry to determine the AC rating of laminate flooring products. The laminate  
25 flooring Plaintiff purchased failed to meet the AC3 rating, which was advertised by  
26 Lumber Liquidators.

27 72. Whether a product complies with the AC3 industry standard is not  
28 something that would be apparent to consumers. AC3 testing is expensive and



1 requires special expertise and equipment not readily available or accessible to a  
2 consumer.

3 73. When Lumber Liquidators, through its customer service department or  
4 through store sales personnel, are approached with durability issues such as  
5 scratching and the other manifestations of the defect alleged herein, it engages in a  
6 pattern and practice of delay and obfuscation.

7 74. Lumber Liquidators personnel did not inform Plaintiff that his  
8 durability problems, as set forth below, resulted from the failure of the Laminate to  
9 meet the claimed AC3 industry standard.

10 75. A common practice at Lumber Liquidators has been to blame durability  
11 problems and defects on:

- 12 a. Installers or installation problems;
- 13 b. Moisture problems;
- 14 c. Normal product variability; and
- 15 d. Product abuse.

16 76. Lumber Liquidators' lawyers recently attributed the detailed product  
17 defect manifestations listed in a prior related proceeding to installation failures,  
18 further continuing the pattern of denial by Lumber Liquidators and confirming their  
19 client's previous pattern.

20 77. By engaging in a pattern and practice of deflecting durability problems  
21 attributable to the defect alleged herein—failure to meet the claimed industry AC3  
22 standard — or by attributing durability problems to causes other than the defect  
23 (installation, etc.), Lumber Liquidators fraudulently concealed the defect from  
24 Plaintiff and putative Class Members.

25 78. Plaintiff and putative Class Members cannot reasonably be charged  
26 with notice of the defect prior to the discovery of widespread supplier problems  
27 relating to Lumber Liquidators' Chinese-sourced Laminates as a result of the  
28 formaldehyde controversy in 2015.

1           79. Defendant sells the Dream Home line of laminate flooring products,  
2 and others, at Lumber Liquidators' 37 retail stores in California, 12 stores in North  
3 Carolina, 28 stores in Texas, 13 stores in New Jersey, 26 stores in Florida, 3 stores  
4 in Nevada, 8 stores in Connecticut, 10 stores in Georgia, 16 stores in Illinois, 3  
5 stores in Iowa, 8 stores in Indiana, 4 stores in Kentucky, 5 stores in Louisiana, 10  
6 stores in Massachusetts, 10 stores in Maryland, 3 stores in Maine, 10 stores in  
7 Michigan, 6 stores in Minnesota, 2 stores in Mississippi, 5 stores in Missouri, 2  
8 stores in Nebraska, 19 stores in New York, 13 stores in Ohio, 3 stores in Oklahoma,  
9 20 stores in Pennsylvania, 8 stores in South Carolina, 6 stores in Tennessee, 12  
10 stores in Virginia, 7 stores in Washington, 5 stores in Wisconsin and 3 stores in  
11 West Virginia, and 5 stores in Alabama. Lumber Liquidators also sells these  
12 laminate floor products to consumers through the internet at  
13 [www.lumberliquidators.com](http://www.lumberliquidators.com) and through telephone sales at 1-800-HARDWOOD.

14           80. Plaintiff seeks to represent himself and all similarly-situated persons  
15 who have purchased Dream Home laminate flooring products from Defendant in the  
16 United States for his Third Cause of Action, as well as all similarly situated persons  
17 who have purchased Dream Home laminate flooring in Virginia for the First,  
18 Second, Fourth, and alternatively Third Causes of Action, at any time from the date  
19 the products were first placed into the marketplace through the date last sold to the  
20 public, reportedly in May 2015 (the "putative class"). Plaintiff seeks damages and  
21 equitable relief on behalf of the Class, which relief includes but is not limited to  
22 restitution to the Plaintiff and Class Members of the full amount of the purchase  
23 price and out-of-pocket expense paid to install their laminate flooring, the cost or  
24 replacing the defective flooring, injunctive relief and declaratory relief; and any  
25 additional relief that this Court determines to be necessary to provide complete relief  
26 to Plaintiff and the Class.

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**PARTIES**

81. Plaintiff Logan Perel resides in Alexandria, Virginia.

82. Defendant Lumber Liquidators, Inc. is a Delaware corporation with its headquarters and principal place of business at 3000 John Deere Road, Toano, Virginia. Lumber Liquidators, Inc. distributes, markets, and/or sells the laminate flooring at issue and actively conducts business in Virginia.

**JURISDICTION AND VENUE**

83. This Court has subject matter jurisdiction over this action under the Class Action Fairness Act of 2005, 28 U.S.C. §1332(d)(2) (“CAFA”), in that the matter is a class action wherein the amount in controversy exceeds the sum or value of \$5,000,000, exclusive of interest and costs, and members of the Class are citizens of states different from the Defendant.

84. This Court has personal jurisdiction over the parties in this action by the fact that Defendant is a corporation that is authorized to conduct business in Virginia and it has intentionally availed itself of the laws and markets of Virginia through the promotion, marketing, distribution and sale of its laminate wood flooring products. Plaintiff purchased his laminate flooring from Lumber Liquidators in Lorton, Virginia.

85. Venue is proper in this District pursuant to 28 U.S.C. §1391(b), because a substantial part of the events or omissions giving rise to Plaintiff’s claims occurred in this District. Venue is also proper under 18 U.S.C. §1965(a), because Defendant transacts a substantial amount of its business in this District.

**PARTICULARIZED FACTUAL ALLEGATIONS**

86. On or about March 31, 2014, Plaintiff Logan Perel purchased Kensington Manor Imperial Teak 12mm laminate flooring and St. James Oceanside Plank 12mm laminate flooring from Lumber Liquidators' store #1061 located in Lorton, Virginia. Defendant's webpage for Kensington Manor Imperial Teak represents that "Kensington Manor is a premium . . . product line” that has a

1 “moisture resistant board.” Defendant’s webpage for St. James Oceanside Plank  
2 represents that “the St. James Collection is very durable” and has a “moisture  
3 resistant board.” The landing page immediately before the pages for the Kensington  
4 Manor Imperial Teak and St. James Oceanside Plank laminate products stated that  
5 Lumber Liquidators’ laminate flooring is “very durable and scratch resistant.”  
6 Defendant's webpage also advertises that the products have an AC rating of AC3  
7 and a 30 year warranty. On the day of his purchase, Plaintiff told the Lumber  
8 Liquidators' salesman he was concerned about durability and specifically about the  
9 floor's ability to withstand scratches from his pet’s claws. In response, Plaintiff was  
10 told that the laminate was more durable than hardwood, and would not scratch from  
11 a pet’s nails. Plaintiff and his wife were also told by this salesman that the  
12 laminates had an AC3 rating. Plaintiff relied upon the above-referenced  
13 representations in making his decision to purchase this product from Defendant.  
14 However, soon after installation, Plaintiff noticed warping and swelling of the  
15 surface of the flooring. Mr. Perel has used Defendant's product as it was intended to  
16 be used for normal residential traffic, but the flooring does not withstand normal  
17 wear and tear during normal use and has failed and deteriorated long before its  
18 advertised useful life. Mr. Perel would not have purchased the Kensington Manor  
19 Imperial Teak or St. James Oceanside Plank laminate products had he known that  
20 they were defective, not durable, and had an inferior ability to withstand abrasion.

21 87. At the time he purchased his flooring Mr. Perel received a four-page  
22 invoice. The first page of the invoice mentioned a “30 year warranty” for both  
23 laminate products. The fourth page of the invoice recited a disclaimer of all other  
24 implied and express warranties, but did not mention the warranty of merchantability.  
25 The fourth page of the invoice included a signature line but it was left blank.

26 **CLASS ALLEGATIONS**

27 88. This action may properly be maintained as a class action pursuant to  
28 Federal Rules of Civil Procedure Rule 23. The Class is sufficiently numerous, since

1 it is estimated to include tens of thousands of consumers, the joinder of whom in one  
2 action is impracticable, and the disposition of whose claims in a class action will  
3 provide substantial benefits to the parties and the Court.

4 89. Class Definition: Without prejudice to later revisions, the Class  
5 Plaintiff seeks to represent is composed of:

6 a. All persons in the United States who purchased the Laminates  
7 from Defendant. This proposed class is only for Plaintiff's Third Cause  
8 of Action; and,

9 b. All persons who purchased in Illinois the Laminates from  
10 Defendant. This proposed class includes Plaintiff's First, Second, and  
11 Fourth Causes of Action, and alternatively includes Plaintiff's Third  
12 Cause of Action.

13 90. Excluded from the Class are governmental entities, Defendant, its  
14 affiliates and subsidiaries, Defendant's current and former employees, officers,  
15 directors, agents, representatives, their family members, and the members of the  
16 Court and its staff.

17 91. Throughout discovery in this litigation, Plaintiff may find it appropriate  
18 and/or necessary to amend the definition of the Class. Plaintiff reserves the right to  
19 amend the Class definitions if discovery and further investigation reveal that the  
20 Class should be expanded or otherwise modified.

21 92. Class Members Are Numerous: While Plaintiff does not know the  
22 exact number of Class Members, Plaintiff is informed and believes that there are  
23 thousands of Class Members. The precise number of members can be ascertained  
24 through discovery, which will include Defendant's sales, service and other business  
25 records. The Class is so numerous that the individual joinder of all members of the  
26 Class is impractical under the circumstances of this case.

27 93. Common Questions of Law and Fact Predominate: There is a well-  
28 defined community of interest among the Class. The questions of law and fact

1 common to the Class predominate over questions that may affect individual Class  
2 Members. These questions of law and fact include, but are not limited to, the  
3 following:

- 4 a. Whether Defendant's laminate flooring is defective when used as  
5 intended or in a reasonably foreseeable manner;
- 6 b. Whether Defendant's laminate flooring has an AC Rating less than  
7 AC3;
- 8 c. Whether Defendant's laminate flooring was fit for its intended purpose;
- 9 d. Whether Defendant has breached the implied warranty of fitness for a  
10 particular purpose;
- 11 e. Whether Defendant has breached the implied warranty of  
12 merchantability;
- 13 f. Whether Defendant knew that its laminate flooring was defective and  
14 had an Abrasion Class rating of less than AC3;
- 15 g. Whether Defendant omitted and concealed material facts from its  
16 communications and advertising to Plaintiff regarding the durability of  
17 its laminate flooring;
- 18 h. Whether Defendant falsely advertised that its laminate flooring  
19 products were "AC3" rated, "very durable" and "very scratch-resistant"  
20 when in fact they were not;
- 21 i. Whether Defendant's misrepresentations or omissions constitute unfair  
22 or deceptive practices under the Illinois consumer protection statute  
23 alleged herein;
- 24 j. Whether Plaintiff and proposed Class Members have been harmed and  
25 the proper measure of relief;
- 26 k. Whether Plaintiff and proposed Class Members are entitled to an award  
27 of punitive damages, attorneys' fees and expenses against Defendant;  
28 and
- l. Whether, as a result of Defendant's misconduct, Plaintiff is entitled to  
equitable relief, and if so, the nature of such relief.

97. Typicality: Plaintiff's claims are typical of the claims of the members  
of the proposed class. Plaintiff and all Class Members have been injured by the  
same wrongful practices of Defendant. Defendant made the same uniform  
representations on its website and on the labels affixed to their product packaging.  
Plaintiff is informed and believes that these representations were made by

1 Defendant nationally and throughout Virginia, on its website, and other forms of  
2 advertisements which were identical. Plaintiff's claims arise from the same practices  
3 and conduct that give rise to the claims of all Class Members and are based on the  
4 same legal theories.

5 98. Adequacy: Plaintiff will fairly and adequately represent and protect the  
6 interests of the Class in that they have no disabling conflicts of interest that would  
7 be antagonistic to those of the other members of the Class. Plaintiff seeks no relief  
8 that is antagonistic or adverse to the members of the Class and the infringement of  
9 the rights and the damages they have suffered are typical of all other Class  
10 Members. Plaintiff has retained attorneys experienced in consumer class actions and  
11 complex litigation as counsel.

12 99. Superiority: The disposition of Plaintiff's and proposed Class Members'  
13 claims in a class action will provide substantial benefits to both the parties and the  
14 Court. The nature of this action and the nature of laws available to Plaintiff and the  
15 Class make the use of the class action device a particularly efficient and appropriate  
16 procedure to afford relief to Plaintiff and the Class for the wrongs alleged because:

- 17 a. The individual amounts of damages involved, while not  
18 insubstantial, are such that individual actions or other individual  
19 remedies are impracticable and litigating individual actions  
20 would be too costly;
- 21 b. If each Class Member was required to file an individual lawsuit,  
22 the Defendant would necessarily gain an unconscionable  
23 advantage since they would be able to exploit and overwhelm the  
24 limited resources of each individual Class Member with vastly  
25 superior financial and legal resources;
- 26 c. The costs of individual suits could unreasonably consume the  
27 amounts that would be recovered;
- 28 d. Given the size of individual proposed Class Members' claims and

1 the expense of litigating those claims, few, if any, proposed  
2 Class Members could afford to or would seek legal redress  
3 individually for the wrongs Defendant committed against them  
4 and absent proposed Class Members have no substantial interest  
5 in individually controlling the prosecution of individual actions;

6 e. This action will promote an orderly and expeditious  
7 administration and adjudication of the proposed class claims,  
8 economies of time, effort and resources will be fostered and  
9 uniformity of decisions will be insured;

10 f. Without a class action, proposed Class Members will continue to  
11 suffer damages, and Defendant's violations of law will proceed  
12 without remedy while Defendant continues to reap and retain the  
13 substantial proceeds of its wrongful conduct;

14 g. Plaintiff knows of no difficulty that will be encountered in the  
15 management of this litigation that would preclude its  
16 maintenance as a class action;

17 h. Proof of a common business practice or factual pattern which  
18 Plaintiff experienced is representative of that experienced by the  
19 Class and will establish the right of each member of the Class to  
20 recover on the causes of action alleged; and

21 94. Individual actions would create a risk of inconsistent results and would  
22 be unnecessary and duplicative of this litigation.

23 95. Plaintiff and Class Members have all similarly suffered irreparable  
24 harm and damages as a result of Defendant's unlawful and wrongful conduct. This  
25 action will provide substantial benefits to Plaintiff, the Class and the public because,  
26 absent this action, Plaintiff and Class Members will continue to suffer losses,  
27  
28



1 thereby allowing Defendant's violations of law to proceed without remedy and  
2 allowing Defendant to retain proceeds of its ill-gotten gains.

3 **FIRST CAUSE OF ACTION**

4 **Breach of Implied Warranty**

5 96. Plaintiff individually and on behalf of all others similarly situated,  
6 adopts and incorporates by reference all foregoing allegations as though fully set  
7 forth herein.

8 97. Defendant impliedly warranted that the Laminates were merchantable,  
9 fit for their intended purpose and suitable for general residential use, including high  
10 traffic areas.

11 98. The Laminates are not merchantable. In breach of the implied warranty  
12 of merchantability, the Laminates are defective because they do not have an AC  
13 rating of AC3, prematurely fail due to scratches, impacts, warping, fading, stains  
14 and edge curling and are not suitable for general residential use.

15 99. The Laminates were defective when they left Defendant's control and  
16 entered the market.

17 100. The Laminates' defects were not open and/or obvious to consumers.

18 101. Any purported disclaimer or limitation of the duration and scope of the  
19 implied warranty of merchantability given by Defendant is ineffective, not  
20 conspicuous, unreasonable, unconscionable and void, because Defendant knew or  
21 recklessly disregarded that the defect in the Laminates existed and might not be  
22 discovered, if at all, until the flooring had been used for a period of time, and  
23 Defendant willfully withheld information about the defect from purchasers of  
24 flooring. Moreover, due to the unequal bargaining power between the parties,  
25 Plaintiff and the proposed Class Members had no meaningful alternative to  
26 accepting Defendant's attempted pro forma limitation of the duration of any  
27 warranties.

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1 102. Defendant received notice that the Laminates were not merchantable  
2 through Plaintiff's his correspondence, its own product testing, its "robust Quality  
3 Assurance program," numerous customer complaints, and its customer service and  
4 warranty operations, and through a putative class action filed in Los Angeles well  
5 before Plaintiff and proposed Class Members filed suit. Defendant has had adequate  
6 and reasonable opportunity to cure its breaches but has failed to do so.

7 103. As a result, Plaintiff and all proposed Class Members have been  
8 damaged in, *inter alia*, the amount they paid to purchase and replace Defendant's  
9 un-merchantable laminate flooring.

10 **SECOND CAUSE OF ACTION**

11 **Fraudulent Concealment**

12 104. Plaintiff individually and on behalf of all others similarly situated,  
13 adopts and incorporates by reference all foregoing allegations as though fully set  
14 forth herein.

15 105. Defendant represented on its website that its Nirvana line of laminate  
16 flooring products have an Abrasion Class rating of AC3 and a "25 year warranty."  
17 Defendant also represented on its website that its St. James Collection line of  
18 laminate flooring products is "very durable" and the "St. James Collection's  
19 Advantages" include an Abrasion Class rating of "AC3" and a "30 Year Warranty."  
20 Defendant also represented that its Kensington Manor Collection line of laminate  
21 flooring products is a "premium 12 mm" laminate product line and that the  
22 "Kensington Manor Collection Advantages" include an AC rating of AC3 and a "30  
23 Year Warranty." Defendant also represented on its website that its Ispiri Collection  
24 line of laminate flooring "has raised the bar on . . . durability." Defendant's website  
25 also represents the "Ispiri Collection's Advantages" include an AC rating of AC3  
26 and a 30 Year Warranty. Further, the product packaging of all of Defendant's Dream  
27 Home brand of laminate flooring states it comes with a 25 or 30 Year Warranty.  
28

1 106. Plaintiff is informed and believes that Lumber Liquidators knew, or  
2 recklessly disregarded that the Laminates were defective based upon hundreds of  
3 complaints posted by Lumber Liquidators' customers on websites, including but not  
4 limited to, [www.ths.gardenweb.com](http://www.ths.gardenweb.com), [www.consumeraffairs.com](http://www.consumeraffairs.com),  
5 [www.complaintlist.com](http://www.complaintlist.com), [www.my3cents.com](http://www.my3cents.com) and others, which describe scratching,  
6 bubbling, delaminating, peeling and curling of Lumber Liquidators' Dream Home  
7 laminate flooring identical to the damages suffered by Plaintiff herein.

8 107. For example, on June 1, 2005, "kitchenlover" posted the following  
9 question on [www.ths.gardenweb.com](http://www.ths.gardenweb.com):

10 "Anyone used the Dream Home laminate from LL?"

11 108. On or about September 14, 2005 "pat111153" responded to the above-  
12 referenced question by posting the following, in relevant part, on  
13 [www.ths.gardenweb.com](http://www.ths.gardenweb.com):

14 "...chips show up on edges later...."

15 109. On or about January 25, 2007, "sammyswife" posted the following  
16 another response on [www.ths.gardenweb.com](http://www.ths.gardenweb.com):

17 "I HATE this flooring!! Does anyone have the Dream Home parent company  
18 info? LL is no help! The salesman incorrectly told us how to install it. After a year  
19 of it being down, we are ripping it up because it looks horrible! It chips and peels  
20 and is awful! LL blames our installation, but thanks to their own people, we cannot  
get anywhere with the so-called warranty. I want to write the company directly and  
can't seem to find them anywhere. If anyone knows a link or number of where I can  
call, please email me at [redacted for privacy], thanks!"

21 110. On or about June 12, 2011 "grandpe02" posted his/her response on  
22 [www.ths.gardenweb.com](http://www.ths.gardenweb.com):

23 "I recently purchased (*sic*) 1000sq ft. of dream home French oak. Big  
24 mistake. LL was no help at all. The boards were very warped and chipped after  
25 laying. And it can't be cleaned without leaving streaks. And seems LL they have  
never heard this from anyone before. Wish I would have checked out the internet  
first. This stuff is garbage..."

26 111. On or about April 11, 2013, "poorchoice" posted his response on  
27 [www.ths.gardenweb.com](http://www.ths.gardenweb.com) as follows:

28

1 "Finished laying Dream Home Nirvana Plus on Saturday. Job went well and  
2 Wife was pleased. Floor was beautiful with tight joints and a warm rich color.  
3 While replacing furniture, Wife dragged a plant with a plastic saucer under it and  
4 made some scratches across the middle of the room. Scratches are not too bad, but  
5 raised suspicions. I moved the recliner, which has plastic pads on it to find that in  
6 just 4 days the laminate is worn through the 'warm rich color'. Wife says the  
7 salesman said that this stuff wont scratch with anything but a knife. LL warrants it  
8 for foot traffic for 25 years, so I guess you are supposed to keep it covered except  
9 where you walk. I have some question about its longevity since the recliner wore  
10 through to white in 4 days...."

11 112. On or about November 4, 2013, "KDraper" posted his response as  
12 follows on [www.ths.gardenweb.com](http://www.ths.gardenweb.com):

13 "We had this product professionally installed. HATE it. Six months after it  
14 was put in we started seeing areas delaminate. Some were high traffic some were  
15 low/no traffic...We contacted the company through LL. Their answer was we our  
16 area was either too wet or too dry and it wasn't their problem that we had almost  
17 1000sf of this flooring that looked like crap. I will never use LL again...."

18 On [www.complaintslist.com](http://www.complaintslist.com) "Pat" wrote on April 23, 2013:

19 "When we went there, we were met by the store manager, 'Dave' (He was  
20 very sick at the time, remember!) and informed him we were looking for a floor that  
21 would not scratch as we had two small dogs. Dave showed us some flooring  
22 samples and said to us, 'it will not scratch from your dogs, I have a dog and the same  
23 flooring in my house and mine has no scratches.' Well not more than two weeks  
24 after it was installed, we noticed scratches on the floor."

25 113. On [www.mythreecents.com](http://www.mythreecents.com), "AllenB" wrote on November 23, 2009:

26 "Spent almost 10,000 dollars on a prefinished floor by Lumber Liquidators.  
27 After only a week of normal use I notices serious scratching. I took closer notice  
28 and marked over 100 scratches on these floors, many all the way through the finish!  
29 Three salesman we spoke to before buying this product all answered the same  
30 questions we asked, 'Will our dogs or children scratch this floor with their normal  
31 use?' They assured me we would have no problem, explained how these floors are  
32 ideal with pets and even gave us promotional material that showed a large dog on  
33 this floor."

34 114. On [www.mythreecents.com](http://www.mythreecents.com), "JR in Arizona" wrote on March 20, 2010:

35 "In 2007 I bought the Asian Birch Flooring. Within 6 months it started to  
36 delaminate. It is engineered wood flooring. I finally made a complaint to LL asking  
37 for repairs where the floor is clearly separating from the wood backing...After a  
38 week they sent me a letter saying they were not responsible. I guess they get to  
39 rewrite their warranties as they please."

40 ///

41 ///

1 115. In response to this complaint, Lumber Liquidators posted the following  
2 response on March 29, 2010, proving it was monitoring customer complaints on this  
3 website:

4 "If we had someone take photos of the flooring it would have been in support  
5 of your warranty as a need to hold a manufacturer accountable for quality should a  
6 defect be found. Flooring will react to changing conditions and we not the invoice,  
7 warranty and installation instructions, as well as some boxes also note requirements  
8 for maintaining ideal conditions. The problem is most consumers don't read this  
9 information until a problem occurs...a little too late, then expect LL to compensate  
10 for issues out of our control...In some situations we even send a complimentary box  
to help with repairs, but it sounds like the problem was not with the flooring, but  
rather some installation or site condition...I'm sorry to hear this lead to some  
dissatisfaction as the problem would be the same no matter where you shopped; you  
would most likely pay more elsewhere. Read the information provided – Dan  
Gordon often provides some good advice as well with his replies – Bob Villa also  
knows how important it is to read the installation instructions/warranty."

11 116. On [www.consumeraffairs.com](http://www.consumeraffairs.com), Lana of Trabuco Canyon, CA wrote on  
12 August 6, 2015:

13 "Warranty claim unresolved due to company unresponsiveness spanning 8  
14 months. We noticed some surface chipping away on a little area in the formal living  
15 room that we rarely use. It had been only 2.5 years from purchasing the engineered  
16 wood with a 30 year warranty. We initiated the warranty process with the worst  
17 encounters of customer service that I have experienced. For the last 8 months we  
have experienced months of delays, avoidance, ignored, and being forwarded to  
multiple customer service representatives. Matt, representative of Lumber  
Liquidators stated that it was impossible that it was Lumber Liquidator's faulty  
wood and that it was the installers fault just by looking at the pictures.

18 I researched online regarding warranty claims of customers of Lumber  
19 Liquidators and that it is their reasoning to other customers regarding warranty  
20 claims. Note this is prior to any inspection that Matt came to the conclusion. Rather  
21 insulting when myself and fiancé had to deal with 8 months of delays, avoidance,  
22 being ignored, and being forwarded to multiple customer service representatives just  
to have him state that via e-mail. We're taking them to small claims court but, I just  
want potential customers or customers their actual warranty practices and poor  
customer service because Lumber Liquidators advertises warranty and customer  
service as their key points to why customers go to them."

23 117. On [www.consumeraffairs.com](http://www.consumeraffairs.com) Will of Sandia Park, NM wrote on June  
24 10, 2015:

25 "We purchased America's Mission Olive 12mm laminate flooring from  
26 Lumber Liquidators in December of 2014 and had it installed throughout our home  
27 (except bathrooms) in our new remodel. We chose this floor after speaking with  
28 their sales people who convinced us that this is a very durable floor, which would  
hold up great to pets and kids. We had the floors installed by a professional and  
were very happy with the results for about a month. That was when we started  
noticing the chips all over the floor and the bubbling along the edges of the planks.

1 If a drop of liquid came into contact with these floors, even if wiped up  
2 immediately, the surface of the product would start to peel away from the backing.  
3 And anytime anything was dropped on the floor they would chip.

4 We were extremely disappointed because these floors had been sold to us as  
5 being extremely durable and multiple employees at the Albuquerque store told us  
6 that they would be great for a family with pets and kids. We contacted their  
7 customer care line, sure that they would make this right since this was obviously a  
8 misrepresentation of the product they were selling. We figured that a company this  
9 large would have some pride in their products and stand behind what they sold.  
10 Unfortunately this has not been the case at all.

11 After jumping through hoops we were told to send them a box of our  
12 unopened flooring. We did this and a few days later we contacted with an "it's not  
13 our fault" letter. They said that they had done internal testing and that based off of  
14 the pictures we had sent them and their "internal testing" it was moisture damage.  
15 The funny thing is that we didn't even send pictures of the bubbling from moisture,  
16 we had just send pictures of the chipping. This showed us that they hadn't even  
17 bothered to review our claims before writing us off!!

18 After this, we requested to see the report on our floors from their "internal  
19 tests" and were told "there is no report, just a notation made on the file that the  
20 issues of concern are not manufacturing related. I don't know what the inspection  
21 process is except for what I have already shared with you as this is done by a  
22 separate entity." ARE YOU KIDDING ME?? What reputable, ethical company runs  
23 "internal testing" and doesn't document it? At this point we were very frustrated  
24 with the company because it is obvious that they have been giving us the runaround.  
25 So after many more emails and calls (most of which were never even  
26 acknowledged) we were told they would send out a "third party inspector". The  
27 inspector finally came and took some pictures and moisture readings and left  
28 without giving us any information.

1 We were contact by Lumber Liquidators a few days later with another not  
2 saying it is all moisture related and not their fault. However, their own warranty  
3 states that "Your Ispiri floor is warranted against finish wear from normal household  
4 conditions resulting in exposure of the paper layer". This is exactly what is  
5 happening in our home! We have since asked multiple times to see a copy of the  
6 report be the "third party inspector" and have been ignored. We have also requested  
7 multiple times to speak with a supervisor, only to be ignored each time.

8 I would never recommend Lumber Liquidators to anyone. In fact, I will be  
9 doing just the opposite. For the amount of money we spent it would be nice if they  
10 would stand behind their product and make sure their customers were satisfied and  
11 that they were selling good quality product, but unfortunately this is not the case at  
12 all."

13 118. Plaintiff is informed and believes that Lumber Liquidators' website  
14 advertising its Dream Home brand of laminate flooring products includes a video  
15 testimonial which features a family with two dogs and two cats, and the Lumber  
16 Liquidators' salesman shown on that video claims, "Kensington Manor has a high,  
17 high durability factor. That's something people are looking for when they have

1 animals." The screen shot of the video depicting a large dog appears on every  
2 webpage for the Dream Home line of laminate flooring products, implying that  
3 these products are durable enough to withstand scratches from pet traffic.

4 119. Defendant concealed and suppressed material facts concerning the  
5 durability of its Dream Home laminate flooring products. Defendant failed to  
6 disclose that its Dream Home laminate flooring products were defective, not AC3  
7 rated, not "very durable", were not "premium" and would scratch, fade, stain,  
8 bubble, warp, delaminate and curl during ordinary residential foot and pet traffic. As  
9 alleged above, the Laminates were defective, were of a lesser quality than advertised  
10 and had an inferior ability to withstand abrasion than advertised. These facts were  
11 not known to Plaintiff and the proposed Class at the time of their purchase. These  
12 omitted and concealed facts were material because they directly impact the useful  
13 life and durability of the products.

14 120. Alternatively, Defendant intentionally failed to disclose the fact that the  
15 Laminates were defective in that they were not fit for their intended use, a fact only  
16 known to Defendant. Plaintiff and the proposed Class could not have discovered it  
17 through the exercise of reasonable diligence. Plaintiff is informed and thereon  
18 believes that Defendant knew of the durability defects of the Laminates from its  
19 product testing and Defendant's self-proclaimed "robust Quality Assurance  
20 program" performed prior to placing the laminate flooring products into the stream  
21 of commerce.

22 121. Plaintiff and the proposed Class reasonably relied on Defendant's  
23 representations. Defendant knew or ought to have known that Plaintiff and the  
24 proposed Class relied and/or would have reasonably relied upon Defendant to sell  
25 laminate wood flooring products in which the entire lifetime of the goods could be  
26 fully used without prematurely becoming damaged and/or failing. Defendant's  
27 knowledge that its laminate flooring products were not fit for their intended use,  
28 combined with Defendant's knowledge that Plaintiff and the proposed Class relied

1 upon Defendant to communicate the true durability, or lack thereof, of its laminate  
2 flooring products creates a legal obligation on Defendant's part to disclose to  
3 Plaintiff and the Class these facts. Defendant is in a superior position to know the  
4 truth about, and the nature of, the durability and useful life of its laminate flooring  
5 products.

6 122. Defendant intended to deceive Plaintiff and the Class by failing to  
7 disclose that its laminate flooring products are not fit for their intended purpose,  
8 will fail prematurely long before the end of the 25 and 30 year warranty periods,  
9 were not "very durable" and do not have the AC3 rating.

10 123. Defendant's failure to disclose these facts was material. Plaintiff and  
11 the proposed Class would not have purchased their laminate flooring had they  
12 known that their laminate flooring products were not fit for their intended use,  
13 would prematurely fail long before the end of the 25 and 30 year warranty periods,  
14 were not "very durable" and did not have an AC rating of AC3.

15 124. Plaintiff and the proposed Class were harmed. As a proximate  
16 result of Defendant's conduct as set forth in this cause of action, Plaintiff and the  
17 proposed Class will now be required to remove and replace their defective and  
18 damaged laminate flooring.

19 125. Defendant's concealment was a substantial factor in causing that harm.

20 126. The wrongful conduct of Defendant, as alleged herein, was willful,  
21 oppressive, immoral, unethical, unscrupulous, substantially injurious, malicious,  
22 and/or in conscious disregard for the wellbeing of Plaintiff and the proposed Class.  
23 Defendant intended to cause injury to the Plaintiff and the proposed Class placing  
24 profits over providing a higher quality product which was advertised to Plaintiff.  
25 Defendant engaged and continues to engage in despicable conduct with a willful and  
26 conscious disregard of the rights or safety of others. Defendant subjected, and  
27 continues to subject, Plaintiff and the proposed Class to cruel and unjust hardship.  
28 Accordingly, Plaintiff and the proposed Class members are entitled to an award of



1 punitive damages against Defendant in an amount to deter it from similar conduct in  
2 the future.

3 **THIRD CAUSE OF ACTION**

4 **Violation of The Magnuson-Moss Warranty Act**  
5 **15 U.S.C. §§ 2301, *et seq.***  
6 **(On behalf of the National Class, or alternatively, the Virginia Class)**

7 127. Plaintiff Perel, individually and on behalf of all others similarly  
8 situated, adopts and incorporates by reference all foregoing allegations as though  
9 fully set forth herein.

10 128. Plaintiff brings this claim on behalf of himself and on behalf of each  
11 and every member of the proposed Class.

12 129. Plaintiff and the other members of the Class are "consumers" within the  
13 meaning of the Magnuson-Moss Warranty Act, 15 U.S.C. § 2301(3).

14 130. Lumber Liquidators is a "supplier" and "warrantor" within the meaning  
15 of 15 U.S.C. § 2301(4)-(5).

16 131. Lumber Liquidators' Dream Home proprietary line of laminate flooring  
17 products was purchased separate and apart from the initial construction of the homes  
18 of the Plaintiff and the members of the proposed Class into which it was installed  
19 and constitutes a "consumer product" within the meaning of 15 U.S.C. § 2301(1).

20 132. Pursuant to section 2308(a) of the Magnuson-Moss Warranty Act, "No  
21 supplier may disclaim or modify . . . any implied warranty to a consumer with  
22 respect to such consumer product if (1) such supplier makes any written warranty to  
23 the consumer with respect to such consumer product, . . ."

24 133. Furthermore, section 2308(c) provides that "A disclaimer, modification,  
25 or limitation made in violation of this section shall be ineffective for purposes of this  
26 chapter and State law."

27 134. Lumber Liquidators' express warranties and written affirmations of fact  
28 regarding the durability and level of performance over time of the Laminates  
constitutes a written warranty within the meaning of 15 U.S.C. § 2301(6)(A).

1           135. Lumber Liquidators breached its warranties (express and implied) by  
2 manufacturing, selling, and/or distributing the Laminates that are not "very durable",  
3 not "scratch resistant," which fail prematurely long before the expiration of the  
4 stated warranty duration, and have an Abrasion Class rating below "AC3", without  
5 knowledge of the truth of such representations.

6           136. Defendant further violated 15 U.S.C. §2302 by failing to make a full  
7 and conspicuous disclosure of the terms and conditions of the 25 and 30 year  
8 warranties advertised on Defendant's website and on page 1 of the Invoice in the  
9 product description of Laminates sold to Plaintiff and the Members of the proposed  
10 Class.

11           137. Lumber Liquidators breached its warranties to Plaintiff and the  
12 members of the proposed Class because these written affirmations of fact or written  
13 promises made in connection with the sale of the Laminates relate to the nature of  
14 the material and affirms or promises that such material will meet a specified level of  
15 performance over a specified period of time and in fact fail to do so. 15 U.S.C.  
16 § 2301(6)(A).

17           138. Lumber Liquidators' breach deprived Plaintiff and the members of the  
18 proposed Class of the benefit of their bargain.

19           139. The amount in controversy of Plaintiff's individual claim exceeds the  
20 value of \$25. In addition, the amount in controversy exceeds the value of \$50,000  
21 (exclusive of interest and costs) computed on the basis of all claims to be  
22 determined in this action.

23           140. Before filing this action, Plaintiff notified Defendant of its breach of  
24 written warranties and of its violations of the Magnuson-Moss Warranty Act, and  
25 Defendant has failed to adequately cure those breaches. Additionally, Defendant  
26 was notified of its breaches, *inter alia*, through a putative class action filed in Los  
27 Angeles, California. Defendant has had adequate and reasonable opportunity to cure  
28 its breaches of or fulfill its warranty obligations, but has failed to do so.

1 141. Pursuant to the provisions of 15 U.S.C. § 2310(e), in the case of a class  
2 action (as is the case here), Plaintiff will provide Defendant with further notice and  
3 reasonable opportunity to cure, once the representative capacity of the named  
4 Plaintiff has been established in the application of Rule 23 of the Federal Rules of  
5 Civil Procedure.

6 142. As a direct and proximate result of Defendant's breaches of its written  
7 and implied warranties, Plaintiff and the other members of the proposed Class  
8 sustained damages in amounts to be determined at trial.

9 **FOURTH CAUSE OF ACTION**

10 **Violation Of The Virginia Consumer Protection Act**

11 **Virginia Code 59.1-198**

12 143. Plaintiff, individually and on behalf of all others similarly situated,  
13 adopts and incorporates by reference all foregoing allegations as though fully set  
14 forth herein.

15 144. Lumber Liquidators is a “supplier” within the meaning of the Virginia  
16 Consumer Protection Act (Va. Code. 59.1-198).

17 145.. Lumber Liquidators engaged in “consumer transactions” with Plaintiff  
18 and other Class Members within the meaning of the Virginia Consumer Protection  
19 Act (Va. Code 59.1-198).

20 146. Lumber Liquidators engaged in “consumer transactions” with Plaintiff  
21 and the other Class Members within the meaning of the Virginia Consumer  
22 Protection Act (Va. Code 59.1-198).

23 147.. Plaintiff and the other Class Members purchased Dream Home  
24 laminate flooring from Lumber Liquidators which constitutes “goods” within the  
25 meaning of the Virginia Consumer Protections Act (Va. Code 59.1-198).

26 148. Lumber Liquidators misrepresented and continues to misrepresent that  
27 its goods have or had certain characteristics, are or were of a particular standard,  
28 quality, or grade, and committed and continues to commit various other acts of

1 deception, false pretense, false promise, or misrepresentations in connection with  
2 consumer transactions, including, among other things:

- 3 a. Advertising, selling and/or distributing flooring that do not have an  
4 Abrasion Rating of AC3 as expressly represented by Lumber  
5 Liquidators;
- 6 b. Importing, selling and/or distributing flooring that fails to comply with all  
7 applicable EPLF standards;
- 8 c. Making false and misleading statements and omitting to disclose material  
9 information regarding defects in Lumber Liquidators' flooring, including  
10 but not limited to the lower Abrasion Rating; and
- 11 d. Refusing to properly repair or replace the defective flooring as described  
12 herein.

13 154. As a direct and proximate result of Lumber Liquidators' unfair and  
14 deceptive trade practices, Plaintiff and the other Class Members were deceived into  
15 purchasing Lumber Liquidators' Dream Home laminate flooring products and have  
16 been damaged thereby.

#### 17 **PRAYER FOR RELIEF**

18 WHEREFORE, Plaintiff, on behalf of herself and all other individuals  
19 similarly situated, requests the following relief:

- 20 A. An order certifying this action as a class action under F.R.C.P. 23,  
21 defining the Class as requested herein, appointing the undersigned as  
22 Class counsel, and finding that Plaintiff is a proper representative of the  
23 proposed Class;
- 24 B. Injunctive relief requiring Defendant to inform Plaintiff and members  
25 of the proposed Class that:
- 26 • Lumber Liquidators has not effectively disclaimed the implied  
27 warranty of merchantability, and that the Laminates continue to  
28 be subject to such implied warranties;

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- the warranty limitations contained in Defendant’s “limited warranties” are unenforceable;
- Plaintiff and proposed Class members are entitled to restitution, including reimbursement for any installation, removal, and replacement costs; and that
- Plaintiff and proposed Class members may be entitled to other relief as awarded by this Court;

C. Restitution of all monies Defendant received from Plaintiff and the proposed Class;

D. Damages to be determined at trial including actual, compensatory, and consequential damages incurred by Plaintiff and proposed Class Members;

E. Punitive damages where allowed;

F. An award of reasonable attorney's fees and costs; and

G. That the Court award such other and further relief as this Court may deem appropriate.

DATED: September 6, 2016

ROBERTSON & ASSOCIATES, LLP

*/ s / Alexander Robertson, IV*

Bv:

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