1 2 3 4 5 6 7 UNITED STATES DISTRICT COURT WESTERN DISTRICT OF WASHINGTON 8 AT SEATTLE 9 10 GRANT ZASTROW, individually and on behalf of all others similarly situated, 11 Plaintiff, 12 13 v. 14 RUGSUSA, LLC 15 Defendant 16 17 18 19 20 21 22 23 24 25 26 27

Case No.

CLASS ACTION COMPLAINT

JURY DEMAND

CLASS ACTION COMPLAINT Case No.

Dovel & Luner, LLP 201 Santa Monica Blvd., Suite 600 Santa Monica, CA 90401 (310) 656-7066

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I. Introduction.

- 1. Advertised "sale" prices are important to consumers. Consumers are more likely to purchase an item if they know that they are getting a good deal. Further, if consumers think that a sale will end soon, they are likely to buy now, rather than wait, comparison shop, and buy something else.
- 2. While there is nothing wrong with a legitimate sale, a fake one—that is, one with made-up regular prices, made-up discounts, and made-up expirations—is deceptive. It is also unfair. And, it violates Washington's consumer protection laws, which prohibit "[u]nfair methods of competition and unfair or deceptive acts or practices." *See* Wash. Rev. Code Ann. § 19.86.020.
- 3. Defendant RugsUSA, LLC ("Defendant" or "RugsUSA") sells and markets rugs and home accessory products online through the RugsUSA brand and website, www.rugsusa.com ("RugsUSA Products" or "Products"). It sells its products using fake sales, and has used fake sales for years. Consumers buy RugsUSA products believing that they are getting a discount—when in fact they are not.
- 4. RugsUSA uses fake sales despite knowing that this is illegal and misleading. RugsUSA was already sued for using fake sales last year. It settled that case, and then resumed using fake sales again. Today, RugsUSA continues to use illegal fake sales. They continue to mislead consumers into believing that they are getting a sale price—when in fact consumers are paying full price.
- 5. As described in greater detail below, Mr. Zastrow bought a RugsUSA rug from Defendant from its website, www.rugsusa.com. Like Defendant's other customers, when Mr. Zastrow made his purchase, Defendant advertised that a limited-time sale was going on, and so Defendant represented that the Product Mr. Zastrow purchased was being offered at a steep discount from its purported regular price that Defendant advertised in strikethrough font. And based on Defendant's representations, Mr. Zastrow believed that he was purchasing a Product whose regular price and market value were the purported list price that Defendant advertised, that he was receiving a substantial discount, and that the opportunity to get that discount was time-limited. These reasonable beliefs are what caused Mr. Zastrow to buy from Defendant when he did.

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- 6. In truth, however, the representations Mr. Zastrow relied on were not true. The purported list prices were not the true regular prices, the purported discounts were not the true discounts, and the discounts were not time-limited. Had Defendant been truthful, Mr. Zastrow and other consumers like him would not have purchased the Products, or would have paid less for them.
- 7. Mr. Zastrow brings this case for himself and the other customers who purchased Defendant's Products.

II. Parties.

- 8. Plaintiff Grant Zastrow is domiciled in Seattle, Washington.
- 9. The proposed class includes citizens of every state.
- 10. Defendant RugsUSA, LLC is a Delaware company with its principal place of business at 8 Santa Fe Way, Cranbury, NJ 08512.

III. Jurisdiction and Venue.

- 11. This Court has subject matter jurisdiction under 28 U.S.C. § 1332(d)(2). The amount in controversy exceeds \$5,000,000, exclusive of interest and costs, and the matter is a class action in which one or more members of the proposed class are citizens of a state different from Defendant.
- 12. This Court has personal jurisdiction over Defendant. Defendant does business in Washington. It advertises and sells its Products in Washington, and serves a market for its Products in Washington. Due to Defendant's actions, its Products have been marketed and sold to consumers in Washington, and harmed consumers in Washington. Plaintiff's claims arise out of Defendant's contacts with this forum. Due to Defendant's actions, Plaintiff purchased Defendant's Product in Washington, and was harmed in Washington.
- 13. Venue is proper under 28 U.S.C. § 1391(b)(1) and 28 U.S.C. § 1391(d) because Defendant would be subject to personal jurisdiction in this District if this District were a separate state. Defendant advertises and sells its Products to customers in this District, serves a market for its Products in this District, and Plaintiff's claims arise out of Defendant's contacts in this forum. Venue is also proper under 28 U.S.C. § 1391(b)(2) because a substantial part of the events giving rise to the claim occurred here.

IV. Facts.

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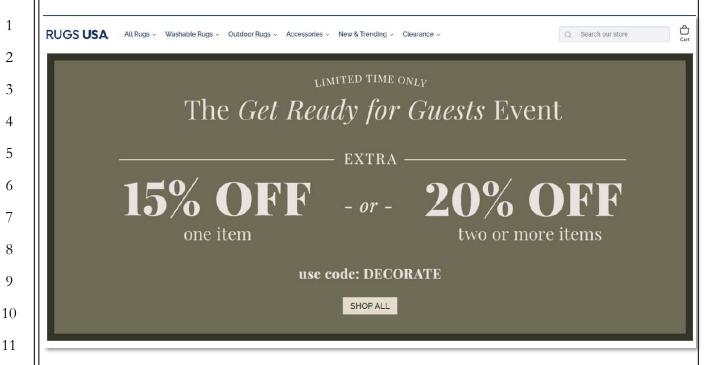
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A. Defendant's fake sales and discounts.

- 14. Defendant manufactures, distributes, markets, and sells rugs and home accessory products, including but not limited to, area rugs, rug pads, and floor mats. Defendant sells its Products directly to consumers through its website, www.rugsusa.com.
 - 15. Defendant has used fake sales to sells its products for years.
- 16. In April 2023, RugsUSA was sued in California for misleading customers with its fake sale practices.¹ Lawsuits in other states followed. Plaintiffs in the other cases were represented by Plaintiff's counsel in this case. In February 2024, the parties settled, with RugsUSA ultimately paying over \$14 million dollars into a class common fund.²
- 17. But even after being sued and settling that case, RugsUSA continued to use fake sales, and continues its practice of using fake sales today. This includes using fake strikethrough prices, fake sitewide sales, and "limited time" sales that are continuously available.
- 18. At any given time, on its website, Defendant advertises steep discounts on its Products. Even though in truth these discounts run in perpetuity, Defendant prominently claims that they are "LIMITED TIME ONLY." And it advertises these discounts extensively: on an attention-grabbing banner near the top of its website; in a large banner image on its homepage; on the products listing pages; on the individual product pages for each Product, and on the checkout pages. It advertises them by touting "X% off"; by advertising list prices in strikethrough font next to lower, purported discount prices; with slogans such as "20% Off" in attention-grabbing, red font next to product descriptions; and by identifying the supposed savings that customers are supposedly receiving by expressing the supposed full purchase price, in strikethrough font, during checkout. Example screenshots are provided on the following pages:

¹ See, e.g., Dray v. RugsUSA, No. 2:23-cv-3017 (C.D. Cal. April 21, 2023) (complaint).

² The class members for that settlement included purchaser from certain states, including Washington, that had purchased RugsUSA products on or before October 12, 2023.



Captured on October 28, 2023



Captured on December 24, 2023

CLASS ACTION COMPLAINT Case No.

Dovel & Luner, LLP 201 Santa Monica Blvd., Suite 600 Santa Monica, CA 90401 (310) 656-7066



Captured on February 13, 2024



Captured on April 17, 2024



Captured on July 11, 2024

use code: SUNSET	SHUP THE SALE
	Captured on August 9, 2024

The Summer Sunset Sale: 15% OFF Everything

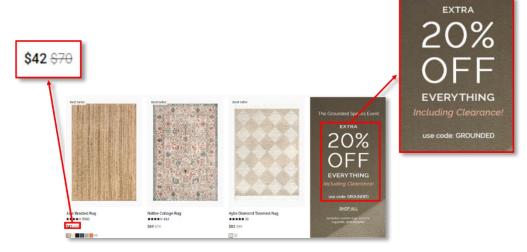
Ends Today: EXTRA 20% OFF EVERYTHING

use code: REFRESH

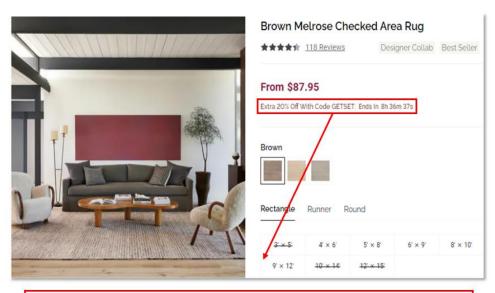
SHOP THE SALE

Captured on September 11, 2024

Captured on October 8, 2024

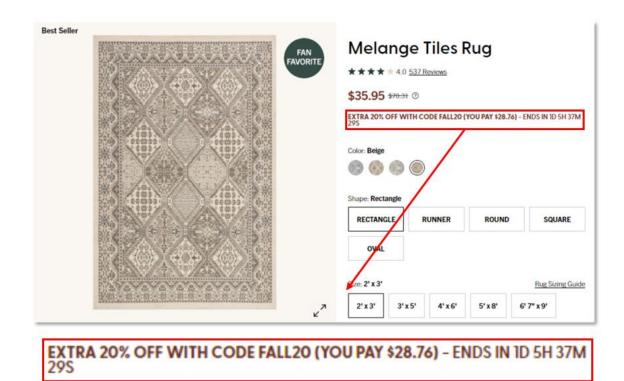


Captured on April 18, 2024



Extra 20% Off With Code GETSET: Ends In 8h 36m 37s

Captured on April 17, 2024



Captured on October 8, 2024

- 19. Defendant represents that these discounts will only be available for a limited time, but in reality, they continue indefinitely. For example, as depicted below, Defendant represents that its sales expire on a particular date, for example: "ENDS In 8h 36m 37s." To reasonable consumers, this means that after the specified date, Defendant's Products will no longer be on sale and will retail at their purported list price. But immediately after each purportedly time-limited sale ends, Defendant generates another similar or identical discount, with a new expiration date.
- 20. For example, on July 8, 2024 Defendant advertised a purportedly time-limited sale "END[ING] TONIGHT!"

Captured on July 8, 2024

21. However, on July 9, 2024, the day that the time-limited sale was supposed to have ended, Defendant advertised another "limited time" sale.



Captured on July 9, 2024

22. Defendant advertises that to obtain the supposed discount, consumers must enter a promo code. But the promo code is prominently advertised throughout Defendant's website, including on a banner on every page of the website, on product pages, on search pages, and during checkout. It is also prominently advertised at the top of the checkout cart. And, it is automatically applied to the order, even if the consumer does not enter it. So, the overwhelming majority (if not all) of Defendant's sales are made at the advertised discount price (and not the supposedly regular list price), notwithstanding the supposed need to enter a promo code to get the advertised discount.

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- 23. Through its fake discount scheme, Defendant leads reasonable consumers to believe that they will get a discount on the Products they are purchasing if they purchase during the limited-time promotion. In other words, it leads reasonable consumers to believe that if they buy now, they will get a Product worth X at a discounted, lower price Y. This creates a sense of urgency: buy now, and you will receive something worth more than you pay for it; wait, and you will pay more for the same thing later.
- 24. Based on Defendant's advertisements, reasonable consumers reasonably believe that the list prices Defendant advertises are Defendant's regular prices (that is, the prices at which the Products ordinarily or typically retail for), and its former prices (that is, the price at which the goods were actually offered for sale before the limited-time offer went into effect). In other words, reasonable consumers believe that the list prices Defendant advertises represent the amount that consumers usually have to pay for Defendant's goods, formerly had to pay for Defendant's goods, before the limited-time sale began, and will again have to pay for Defendant's goods when the sale ends. Said differently, reasonable consumers reasonably believe that, prior to the supposedly time-limited sale, consumers had to pay the list price to get the item and did not have the opportunity to get a discount from that list price; and that they will have to pay the list price again once the supposedly time-limited sale is over.
- 25. Reasonable consumers also reasonably believe that the list prices that Defendant advertises represent Defendant's regular prices, and the true market value of the Products, and that they are the prevailing prices for those Products. Reasonable consumers also believe that they are receiving reductions from Defendant's regular prices, former prices, and the market value of the Products in the amounts advertised. Said differently, reasonable consumers reasonably believe that, if they buy now, they will receive a price reduction from the price at which Defendant ordinarily and typically sells its Products; a price reduction from Defendant's former prices; and a price reduction from the Products' market value. In truth, however, Defendant consistently, if not perpetually, offers purported reductions off the list prices it advertises. As a result, everything about Defendant's price and purported discount advertising is false. The list prices Defendant advertises are not actually Defendant's regular or former prices, or the prevailing prices for the Products Defendant sells, and do not represent the true market value for the Products, because Defendant's Products are consistently available for less than that, and

customers did not have to formerly pay that amount to get those items. The purported discounts Defendant advertises are not the true discount the customer is receiving. Nor are the purported discounts "LIMITED TIME ONLY"—quite the opposite, they are almost always, if not always, available.

B. Defendant's purported regular prices were not the prevailing market prices.

- 26. Defendant is the manufacturer of the Products and the vast majority if not all of the Products' sales are sold by Defendant directly to consumers (at a purportedly discounted price). If a consumer is searching for RugsUSA Products, they will go to Defendant's website. For example, searching on Google for "RugsUSA" overwhelmingly returns results for Defendant including Defendant's website, and its social media pages. As the primary (or only) seller of the Products, Defendant sets the prevailing market price: most or all sales are made at Defendant's prices, because Defendant is the one making the sales.
- 27. In short, because the Products are most commonly or exclusively sold by Defendant, they are most commonly sold for the discounted prices that are always available from Defendant (across all Defendant's sales channels).

C. Defendant's advertisements violate Washington law.

- 28. Washington's Consumer Protection Law prohibits "[u]nfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce." Wash. Rev. Code Ann. § 19.86.020. An act is unfair if "(1) it causes or is likely to cause substantial injury that (2) consumers cannot avoid and that (3) is not 'outweighed by countervailing benefits" to consumers or competition. Merriman v. Am. Guarantee & Liab. Ins. Co., 198 Wash. App. 594, 628 (2017). And an act is deceptive if it constitutes "a representation, omission or practice that is likely to mislead a reasonable consumer." Panag v. Farmers Ins. Co. of Wash., 166 Wash. 2d 27, 50 (2009).
- 29. Defendant's fake discount scheme is unfair. As discussed above, Defendant advertises fake discounts and false regular prices that induce consumers to purchase its Products and cause them substantial economic injury. Reasonable consumers, who rely on Defendant to provide accurate and truthful information about sales and pricing, cannot reasonably avoid this injury. And Defendant's fake

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discounts offer no countervailing benefits—misrepresenting products' prices harms both consumers and honest competition.

- 30. Defendant's fake discount scheme is also deceptive. As described above, reasonable consumers understand Defendant's advertised time-limited discounts to mean that Products are on sale for less than its regular prices for a limited period of time. But, as explained above, this is not true: the advertised discounts are fake, the Products are never sold at the purported regular prices, and the sales are not limited in time.
- 31. The Federal Trade Commission's regulations on pricing confirm that Defendant's fake discount scheme is unfair and deceptive. The regulations prohibit false or misleading "former price comparisons," for example, making up "an artificial, inflated price ... for the purpose of enabling the subsequent offer of a large reduction" off that price. 16 C.F.R. § 233.1. They also prohibit false or misleading "retail price comparisons" that falsely suggest that the seller is "offer[ing] goods at prices lower than those being charged by others for the same merchandise" when this is not the case. 16 C.F.R. § 233.2.
- 32. So, Defendant's business practices are deceptive, unfair, and fraudulent and are therefore banned by Washington law.
 - D. Defendant's advertisements harm consumers.
- 33. Based on Defendant's advertisements, reasonable consumers expect that Defendant's regular prices (the prices without the advertised discounts) are former prices at which Defendant actually sold its Products before the discounts were introduced for a limited time; that they are the prevailing prices for the Products; and that they represent the true market value of the Products.
- 34. Reasonable consumers also expect that, if they purchase during the sale, they will receive (at a discount) Products whose market value is the regular, non-discounted price. For example, for items that are purportedly 20% off, reasonable consumers would expect that they are receiving a 20% discount as compared to the regular price, and that the items have a market value of 20% more than what they are spending.

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- 35. As explained above, however, Plaintiff and class members' reasonable expectations were not met. Instead of receiving Products with a market value equal to the alleged regular prices, they received items worth less. In addition, instead of receiving a significant discount, Plaintiff and the class received little or no discount. Thus, Defendant's false advertisements harm consumers by depriving them of the reasonable expectations to which they are entitled.
- 36. In addition, consumers are more likely to buy a product, and buy more of it, if they believe that the product is on sale and that they are getting a product with a higher regular price and/or market value at a substantial discount.
- 37. Consumers that are presented with discounts are substantially more likely to make the purchase. "Nearly two-thirds of consumers surveyed admitted that a promotion or a coupon often closes the deal, if they are wavering or are undecided on making a purchase." And, "two-thirds of consumers have made a purchase they weren't originally planning to make solely based on finding a coupon or discount," while "80% [of consumers] said they feel encouraged to make a first-time purchase with a brand that is new to them if they found an offer or discount."
- 38. Similarly, when consumers believe that an offer is expiring soon, the sense of urgency makes them more likely to buy a product.⁵
- 39. Thus, Defendant's advertisements harm consumers by inducing them to make purchases they otherwise would not have made, based on false information. In addition, Defendant's advertisements artificially increase consumer demand for Defendant's Products. This puts upward pressure on the prices that Defendant can charge for its Products. As a result, Defendant can charge a price premium for its Products, that it would not be able to charge absent the misrepresentations described above. So, due to Defendant's misrepresentations, Plaintiff and the class paid more for the Products they bought than they otherwise would have.

³ https://www.invespcro.com/blog/how-discounts-affect-online-consumer-buying-behavior/.

⁴ RetailMeNot Survey: Deals and Promotional Offers Drive Incremental Purchases Online, Especially Among Millennial Buyers (prnewswire.com).

⁵ https://cxl.com/blog/creating-urgency/ (addition of a countdown timer increased conversion rates from 3.4%-10%); Dynamic email content leads to 400% increase in conversions for Black Friday email | Adestra (uplandsoftware.com) (400% higher conversation rate for ad with countdown timer).

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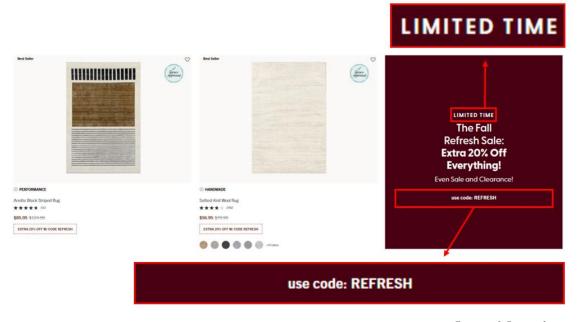
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E. Plaintiff was misled by Defendant's misrepresentations.

- 40. On September 14, 2024, Mr. Zastrow purchased a Premium Rug Pad and Arrel Speckled Wool-Blend Rug from Defendant's website, www.rugsusa.com. He made this purchase while living in Seattle, Washington.
- 41. On September 13, 2024, Defendant represented on its website that a time-limited, "Extra 20% Off Everything!" sitewide sale was running, which continued through the date of Mr. Zastrow's purchase, and that the sale applied to Mr. Zastrow's order:



Captured September 13, 2024

42. Defendant also represented that the list price of the Products that Mr. Zastrow purchased was \$147.99 for the Premium Rug Pad and \$832.95 for the Arrel Speckled Wool-Blend Rug, and that Mr. Zastrow was receiving a discount of \$196.19 off the total order. Defendant confirmed this in an order confirmation email it sent to Mr. Zastrow. Defendant represented that the discount price was \$784.75, and that Mr. Zastrow was receiving "20% Off" by using the code "REFRESH":

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Premium Rug Pad | Grey - 9' x 12'

Quantity: 1 Total: \$147.99

Arrel Speckled Wool-Blend Rug | Brick - 9' x 12'

Quantity: 1

This Item Will Ship 09/22/24 - 09/26/24

Total: \$832.95

Discount (code: REFRESH): \$-196.19

Subtotal: \$784.75 WA STATE TAX: \$51.01 WA CITY TAX: \$30.21

> Shipping: \$0.00 Total: \$865.97

- 43. So, Defendant represented that the Products had a certain regular price and that Mr. Zastrow was receiving a substantial discount for the items that he purchased.
- 44. Mr. Zastrow read and relied on Defendant's representations on Defendant's website and email confirmation, specifically that the Products were being offered at a discount for a limited time and had higher regular and usual prices, and that he would be receiving a price reduction by buying when he did. Based on Defendant's representations described and shown above, Mr. Zastrow reasonably understood that the Products he was purchasing regularly (and before the promotion Defendant was advertising) retailed at the published list prices, that these published list prices were the market value of the Product that he was buying; that he was receiving the advertised discount and a price reduction as compared to the regular price, and that advertised discount was only available for a limited time (during the limited time promotion). He would not have made the purchase if he had known that the Product was not discounted as advertised, and that he was not receiving the advertised discount.
- 45. Plaintiff faces an imminent threat of future harm. Plaintiff would purchase discounted RugsUSA Products from Defendant again in the future if he could feel sure that Defendant's list prices accurately reflected Defendant's regular prices and former prices, and the market value of the Products,

- F. Defendant breached its contract with and warranties to Mr. Zastrow and the putative class.
- 46. When Mr. Zastrow and other members of the putative class purchased and paid for the Products they bought as described and shown above, they accepted offers that Defendant made, and thus, a contract was formed at the time that he made a purchase. The offer was to provide Products having a particular listed regular price and market value, and to provide those Products at the discounted price advertised.
- 47. Defendant's website, price quotes, and email confirmations list the market value of the items that Defendant promised to provide, regardless of the sales channel used to make the purchase. Defendant agreed to provide a discount equal to the difference between the regular price listed by Defendant, and the price paid by Mr. Zastrow and putative class members. For example, Defendant offered to provide to Mr. Zastrow a Premium Rug Pad and Arrel Speckled Wool-Blend Rug with a regular price and market value of \$147.99 and \$832.95, for a discounted price of \$784.75; and to provide a discount of \$196.19. Defendant also warranted that the regular price and market value of the Products Mr. Zastrow purchased were the amount they identified as the list prices (\$147.99 and \$832.95) and warranted that Mr. Zastrow was receiving a discount of \$196.19 on the Products.
- 48. The regular price and market value of the item Mr. Zastrow and the putative class members would receive, and the amount of the discount they would be provided off the regular price of the item, were specific and material terms of the contracts, and by failing to provide the discounts and price reductions it promised, in the amounts promised. They were also affirmations of fact about the Products and a promise relating to the goods.

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- 49. Mr. Zastrow and other members of the putative class performed their obligations under the contracts by paying for the items they purchased.
- 50. Defendant breached its contracts by failing to provide Mr. Zastrow and other members of the putative class with Products that have a regular price and market value equal to the regular price displayed, and by failing to provide the discount it promised. Defendant also breached warranties for the same reasons.

G. No adequate remedy at law.

- 51. Plaintiff seeks damages and, in the alternative, restitution. Plaintiff is permitted to seek equitable remedies in the alternative because he has no adequate remedy at law.
- 52. A legal remedy is not adequate if it is not as certain as an equitable remedy. The elements of Plaintiff's equitable claims are different and do not require the same showings as Plaintiff's legal claims.
- 53. In addition, to obtain a full refund as damages, Plaintiff must show that the Products he bought has essentially no market value. In contrast, Plaintiff can seek restitution without making this showing. This is because Plaintiff purchased Products that he would not otherwise have purchased, but for Defendant's representations. Obtaining a full refund at law is less certain than obtaining a refund in equity.
- 54. Furthermore, the remedies at law available to Plaintiff are not equally prompt or otherwise efficient. The need to schedule a jury trial may result in delay. And a jury trial will take longer, and be more expensive, than a bench trial.

V. Class Action Allegations.

- 55. Plaintiff brings the asserted claims on behalf of a proposed class of all persons who, while in the state of Washington and within the applicable statute of limitations period, purchased one or more Products advertised at a discount on or after October 13, 2023 (the "Class").
- 56. Plaintiff reserves the right to amend the definitions of the Class if discovery or further investigation reveals that the Class should be expanded or otherwise modified.

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57. The following people are excluded from the proposed class: (1) any Judge or Magistrate Judge presiding over this action and the members of their family; (2) Defendant, Defendant's subsidiaries, parents, successors, predecessors, and any entity in which the Defendant or its parents have a controlling interest and their current employees, officers and directors; (3) persons who properly execute and file a timely request for exclusion from the class; (4) persons whose claims in this matter have been finally adjudicated on the merits or otherwise released; (5) Plaintiff's counsel and Defendant's counsel, and their experts and consultants; and (6) the legal representatives, successors, and assigns of any such excluded persons.

Numerosity & Ascertainability

- 58. The proposed class contains members so numerous that separate joinder of each member of the class is impractical. There are tens or hundreds of thousands of class members.
 - 59. Class members can be identified through Defendant's sales records and/or public notice.

Predominance of Common Questions

- 60. There are questions of law and fact common to the proposed class. Common questions of law and fact include, without limitation:
 - (1) whether Defendant made false or misleading statements of fact in its advertisements;
 - (2) whether Defendant violated Washington's consumer protection statutes;
 - (3) whether Defendant committed a breach of contract;
 - (4) whether Defendant committed a breach of an express warranty;
 - (5) damages needed to reasonably compensate Plaintiff and the proposed class.

Typicality & Adequacy

61. Plaintiff's claims are typical of the proposed class. Like all members of the proposed class, Plaintiff purchased the Products advertised at a discount. There are no conflicts of interest between Plaintiff and the class.

Superiority

62. A class action is superior to all other available methods for the fair and efficient adjudication of this litigation because individual litigation of each claim is impractical. It would be

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unduly burdensome to have individual litigation of millions of individual claims in separate lawsuits, every one of which would present the issues presented in this lawsuit.

VI. Claims.

Count I: Violation of the Washington Consumer Protection Act: RCW Chapter 19.86 (By Plaintiff and the Class)

- 63. Plaintiff incorporates each and every factual allegation set forth above.
- 64. Plaintiff brings this cause of action on behalf of himself and members of the Class.
- 65. Defendant has violated the Washington Consumer Protection Act (CPA), RCW Chapter 19.86.
- 66. Section 19.86.020 of the CPA states, "[u]nfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful." RCW § 19.86.020.
- 67. Under the CPA, "[p]rivate rights of action may ... be maintained for recovery of actual damages, costs, and a reasonable attorney's fee. A private plaintiff may be eligible for treble damages," and "may obtain injunctive relief, even if the injunction would not directly affect the individual's own rights." Washington Pattern Jury Instruction Civil No. 310.00 (Consumer Protection Act—Introduction) (internal citations omitted); RCW § 19.86.090.
- 68. Defendant engages in the conduct of trade or commerce within the meaning of the CPA. Defendant does this by selling window covering products in a manner that directly and indirectly affects people of the state of Washington.
- 69. As alleged more fully above, Defendant made and disseminated untrue and misleading statements of facts in its advertisements to class members, constituting acts of unfair methods of competition and/or unfair or deceptive acts or practices.

Unfair Acts or Practices

70. As alleged in detail above, Defendant committed "unfair" acts by falsely advertising that its Products were on sale, that the sale was limited in time, that the Products had higher regular prices, and market values and that customers were receiving discounts, when none of this was true. This

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caused Plaintiff and the class to make purchases they otherwise would not have made, pay more for their purchases, and deprived them of their expectancy interest in receiving the Products as advertised.

71. The harm to Plaintiff and the class greatly outweighs the public utility of Defendant's conduct. There is no public utility to misrepresenting the price of a consumer product. Plaintiff and the class's injury was not outweighed by any countervailing benefits to consumers or competition.

Misleading consumer products only injure healthy competition and harm consumers.

Deceptive Acts or Practices

- 72. As alleged in detail above, Defendant's representations that its Products were on sale, that the sale was limited in time, that the Products had a specific regular price, and that the customers were receiving discounts were false and misleading.
- 73. Defendant's representations were likely to deceive, and did deceive, Plaintiff and other reasonable consumers. Defendant knew, or should have known through the exercise of reasonable care, that these statements were inaccurate and misleading.
- 74. Defendant's misrepresentations were intended to induce reliance, and Plaintiff saw, read, and reasonably relied on the statements when purchasing the Product. Defendant's misrepresentations were a substantial factor in Plaintiff's purchase decision.
- 75. In addition, class-wide reliance can be inferred because Defendant's misrepresentations were material, i.e., a reasonable consumer would consider them important in deciding whether to buy the Products.
- 76. Defendant's misrepresentations were a substantial factor and proximate cause in causing damages and losses to Plaintiff and the class.
- 77. Plaintiff and the class were injured as a direct and proximate result of Defendant's conduct because (a) they would not have purchased the Products if they had known the truth, (b) they overpaid for the Products because the Products were sold at a price premium due to the misrepresentation, and/or (c) they did not receive the discounts they were promised, and received Products with market values lower than the promised market values.

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78. Defendant's acts or omissions are injurious to the public interest because these practices were committed in the course of Defendant's business and were committed repeatedly before and after Plaintiff purchased Defendant's Product. They are part of a pattern of unfair and deceptive advertisements. These actions have injured other persons, and, if continued, have the capacity to injure additional persons.

Count II: Breach of Contract

(By Plaintiff and the Class)

- 79. Plaintiff incorporates each and every factual allegation set forth above.
- 80. Plaintiff brings this cause of action on behalf of himself and the Class.
- 81. Plaintiff and class members entered into contracts with when they placed orders to purchase Products from Defendant.
- 82. The contracts provided that Plaintiff and class members would pay Defendant for the Products ordered.
- 83. The contracts further required that Defendant provides Plaintiff and class members with Products that have a former price, and a market value, equal to the advertised regular prices. They also required that Defendant provide Plaintiff and the class members with the advertised specific discount. These were specific and material terms of the contracts.
- 84. Plaintiff and class members paid Defendant for the Products they ordered, and satisfied all other conditions of their contracts.
- 85. Defendant breached the contracts with Plaintiff and class members by failing to provide Products that had a regular price and market value equal to the advertised list price, and by failing to provide the promised discounts.
- 86. Plaintiff provided Defendant with notice of this breach of contract, by mailing a notice letter to Defendant's headquarters, on November 22, 2024.
- 87. As a direct and proximate result of Defendant's breaches, Plaintiff and class members were deprived of the benefit of their bargained-for exchange, and have suffered damages in an amount to be established at trial.

Count III: Breach of Express Warranty

(By Plaintiff and the Class)

- 88. Plaintiff incorporates each and every factual allegation set forth above.
- 89. Plaintiff brings this cause of action on behalf of himself and the Class.
- 90. Defendant, as the manufacturer, marketer, distributor, supplier, and/or seller of the Products, issued material, written warranties by advertising that the Products had a prevailing market value equal to the advertised regular price. This was an affirmation of fact about the Products (i.e., a representation about the market value) and a promise relating to the goods.
- 91. Defendant also issued material, written warranties by representing that the Products were being sold at an advertised discounted price. This was an affirmation of fact about the Products and a promise relating to the goods.
- 92. These warranties were part of the basis of the bargain and Plaintiff and members of the class relied on this warranty.
- 93. In fact, the Products did not have a market value equal to the purported regular prices. And the Products were not actually sold at the advertised discounts. Thus, the warranties were breached.
- 94. Plaintiff provided Defendant with notice of this breach of warranty, by mailing a notice letter to Defendant's headquarters, on November 22, 2024.
- 95. Plaintiff and the class were injured as a direct and proximate result of Defendant's breach, and this breach was a substantial factor in causing harm, because (a) they would not have purchased the Products if they had known that the warranty was false, (b) they overpaid for the Products because the Products were sold at a price premium due to the warranty, and/or (c) they did not receive the Products as warranted that they were promised.

Count IV: Quasi-Contract/Unjust Enrichment

(By Plaintiff and the Class)

96. Plaintiff incorporates each and every factual allegation set forth in paragraphs 1-45 and 51-62 above.

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represe	entation	ns were false, and/or (b) th	ney overpaid for the Prod	ucts because the Products were sold at			
a price	premi	um due to the misrepresen	itation.				
VII.	Jury Demand.						
	111.	Plaintiff demands the rig	ght to a jury trial on all cla	ims so triable.			
VIII.	Prayer for Relief.						
	112.	Plaintiff seeks the follow	ving relief for himself and	the proposed class:			
	•	An order certifying the asserted claims, or issues raised, as a class action;					
	•	A judgment in favor of Plaintiff and the proposed class;					
	Damages, treble damages, and punitive damages where applicable;						
	•	Restitution;					
	• Rescission;						
	•	Disgorgement, and other just equitable relief;					
	•	Pre- and post-judgment interest;					
	•	• An injunction prohibiting Defendant's deceptive conduct, as allowed by law;					
	•	• Reasonable attorneys' fees and costs, as allowed by law;					
	• Any additional relief that the Court deems reasonable and just.						
Dated:	:	March 17, 2025	Respectfully subm	itted,			
			By: <u>/s/ Wright A. 1</u>	Noel			
			Wright A. Noel, W 20 Sixth Ave. NE wright@carsonnoe Issaquah WA 9802 Telephone: (425) 3 Facsimile: (425) 83	el.com 27 395-7786			
			Christin Cho (Cal. christin@dovel.com Simon C. Franzini simon@dovel.com	m (Cal. Bar No. 287631)*			
CLASS	S ACTIC	ON COMPLAINT	22	Dovel & Luner, LLP			

CLASS ACTION COMPLAINT Case No.

Dovel & Luner, LLP 201 Santa Monica Blvd., Suite 600 Santa Monica, CA 90401 (310) 656-7066

Jonas Jacobson (WA 62890) jonas@dovel.com DOVEL & LUNER, LLP 201 Santa Monica Blvd., Suite 600 Santa Monica, California 90401 Telephone: (310) 656-7066 Facsimile: (310) 656-7069

BURSOR & FISHER, P.A.

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1330 Avenue of the Americas, Floor 32
New York, NY 10019
Telephone: (646) 837-7150

Counsel for Plaintiff

^{*} Pro Hac Vice Application Forthcoming

UNITED STATES DISTRICT COURT

for the Western District of Washington GRANT ZASTROW, individually and on behalf of all others similarly situated, *Plaintiff(s)* Civil Action No. v. RUGSUSA, LLC Defendant(s) SUMMONS IN A CIVIL ACTION To: (Defendant's name and address) RugsUSA, LLC 8 Santa Fe Way Cranbury, NJ 08512 A lawsuit has been filed against you. Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, whose name and address are: Wright A. Noel Carson & Noel PLLC 20 Sixth Avenue NE Issaguah, WA 98027 If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court. CLERK OF COURT Date: Signature of Clerk or Deputy Clerk

Civil Action No.

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

was re	ceived by me on (date)	·						
	☐ I personally served	the summons on the individual	at (place)					
			on (date)					
	☐ I left the summons	☐ I left the summons at the individual's residence or usual place of abode with (name)						
		, a person of suitable age and discretion who resides there,						
	on (date)	, and mailed a copy to	the individual's last known address; or					
	☐ I served the summo	, who is						
	designated by law to a	accept service of process on beh	alf of (name of organization)					
			on (date)	; or				
	☐ I returned the summ		; or					
	☐ Other (specify):							
	My fees are \$	for travel and \$	for services, for a total of \$	0.00				
	I declare under penalty of perjury that this information is true.							
Date:								
Dute.								
			Printed name and title					
			Server's address					

Additional information regarding attempted service, etc:

JS 44 (Rev. 03/24)

Case 2:25-cv-00472CIVPCUTON 12 SIFILE 03/17/25 Page 1 of 2

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.)

purpose of initiating the civil d	ocket sheet. (SEE INSTRUC	TIONS ON NEXT PAGE OF					
I. (a) PLAINTIFFS			DEFENDANTS	8			
Grant Zastrow,	individually and on b	ehalf of all others	RugsUSA, LLC				
similarly situated	d						
(b) County of Residence of	of First Listed Plaintiff K	ing	County of Residence	e of First Listed Defendant			
(E.	XCEPT IN U.S. PLAINTIFF CA	SES)		(IN U.S. PLAINTIFF CASES O			
			NOTE: IN LAND C THE TRAC	CONDEMNATION CASES, USE TH T OF LAND INVOLVED.	HE LOCATION OF		
(c) Attornove /Firm Name	Address and Talankan a Normba	1	Attorneys (If Known				
	Address, and Telephone Numbe		Attorneys (ij Known))			
	PLLC, 20 Sixth Aven	iue NE, Issaquah,					
WA 98027; 425	-395-7786						
II. BASIS OF JURISD	ICTION (Place an "X" in	One Box Only)	III. CITIZENSHIP OF P (For Diversity Cases Only,		Place an "X" in One Box for Plaintiff and One Box for Defendant)		
1 U.S. Government	3 Federal Question		<u></u>	PTF DEF	PTF DEF		
Plaintiff	(U.S. Government l	Not a Party)	Citizen of This State	✓ 1			
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2 U.S. Government Defendant	4 Diversity (Indicate Citizenship)	ip of Parties in Item III)	Citizen of Another State	2 Incorporated <i>and</i> P of Business In A			
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			Citizen or Subject of a Foreign Country	3 Foreign Nation	<u></u> 6 <u>6</u>		
IV. NATURE OF SUIT	Γ (Place an "X" in One Box Or	ılv)	g,	Click here for: Nature of S	Suit Code Descriptions.		
CONTRACT		RTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES		
110 Insurance	PERSONAL INJURY	PERSONAL INJURY		422 Appeal 28 USC 158	375 False Claims Act		
120 Marine 130 Miller Act	310 Airplane 315 Airplane Product	265 Personal Injury - Product Liability	of Property 21 USC 881	423 Withdrawal 28 USC 157	376 Qui Tam (31 USC 3729(a))		
140 Negotiable Instrument	Liability	367 Health Care/		INTELLECTUAL	400 State Reapportionment		
150 Recovery of Overpayment	320 Assault, Libel &	Pharmaceutical		PROPERTY RIGHTS	410 Antitrust		
& Enforcement of Judgmen 151 Medicare Act	Slander 330 Federal Employers'	Personal Injury Product Liability		820 Copyrights	430 Banks and Banking 450 Commerce		
152 Recovery of Defaulted	Liability	368 Asbestos Personal		830 Patent 835 Patent - Abbreviated	460 Deportation		
Student Loans	340 Marine	Injury Product		New Drug Application	470 Racketeer Influenced and		
(Excludes Veterans)	345 Marine Product	Liability	Linon	840 Trademark	Corrupt Organizations		
153 Recovery of Overpayment of Veteran's Benefits	Liability 350 Motor Vehicle	PERSONAL PROPERT 370 Other Fraud	Y LABOR 710 Fair Labor Standards	880 Defend Trade Secrets	480 Consumer Credit (15 USC 1681 or 1692)		
160 Stockholders' Suits	355 Motor Vehicle	371 Truth in Lending	Act	Act of 2016	485 Telephone Consumer		
190 Other Contract	Product Liability	380 Other Personal	720 Labor/Management	SOCIAL SECURITY	Protection Act		
195 Contract Product Liability	360 Other Personal	Property Damage	Relations	861 HIA (1395ff)	490 Cable/Sat TV		
196 Franchise	Injury 362 Personal Injury -	285 Property Damage Product Liability	740 Railway Labor Act 751 Family and Medical	862 Black Lung (923) 863 DIWC/DIWW (405(g))	850 Securities/Commodities/ Exchange		
	Medical Malpractice		Leave Act	864 SSID Title XVI	890 Other Statutory Actions		
REAL PROPERTY	CIVIL RIGHTS	PRISONER PETITIONS		865 RSI (405(g))	891 Agricultural Acts		
210 Land Condemnation 220 Foreclosure	440 Other Civil Rights 441 Voting	Habeas Corpus: 463 Alien Detainee	791 Employee Retirement Income Security Act	EEDEDAL TAV CHITC	893 Environmental Matters 895 Freedom of Information		
230 Rent Lease & Ejectment	441 Voting 442 Employment	510 Motions to Vacate	income security Act	FEDERAL TAX SUITS 870 Taxes (U.S. Plaintiff	Act		
240 Torts to Land	443 Housing/	Sentence		or Defendant)	896 Arbitration		
245 Tort Product Liability	Accommodations	530 General		871 IRS—Third Party	899 Administrative Procedure Act/Review or Appeal of		
290 All Other Real Property	445 Amer. w/Disabilities - 535 Death Penalty		IMMIGRATION				
	Employment 446 Amer. w/Disabilities -	Other: 540 Mandamus & Other		211	Agency Decision 950 Constitutionality of		
	Other	550 Civil Rights	Actions		State Statutes		
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V. ORIGIN (Place an "X" i	16 - 2	D 1. 1 C	4 D	C 1 C	- 0 M h: 1: 4: 4		
11		Remanded from Appellate Court	l I I	ferred from 6 Multidistri er District Litigation			
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		·	filing (Do not cite jurisdictional st	atutes unless diversity):			
VI. CAUSE OF ACTIO	ON 28 U.S.C. § 1332(d)(2) Brief description of ca						
	Consumer protection la						
VII. REQUESTED IN	CHECK IF THIS	IS A CLASS ACTION	DEMAND \$	CHECK YES only	if demanded in complaint:		
COMPLAINT:	UNDER RULE 2:	3, F.R.Cv.P.	5,000,000	JURY DEMAND:	× Yes No		
VIII. RELATED CASI	E(S)						
IF ANY	(See instructions):	JUDGE		DOCKET NUMBER			
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March 17, 2025 FOR OFFICE USE ONLY		/s/ Wright A. Noel					
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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 there are multiple nature of suit codes associated with the case, pick the nature of suit code that is most applicable. Click here for: Nature of Suit Code Descriptions.
- V. Origin. Place an "X" in one of the seven 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. 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 – Transfer. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407.

Multidistrict Litigation – Direct File. (8) Check this box when a multidistrict case is filed in the same district as the Master MDL docket. **PLEASE NOTE THAT THERE IS NOT AN ORIGIN CODE 7.** Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.

- 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 cases, if any. If there are related cases, insert the docket numbers and the corresponding judge names for such cases.

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