

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

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U.S. DISTRICT COURT
INDIANAPOLIS DIVISION

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SOUTHERN DISTRICT
OF INDIANA
LAURA A. BRIGGS
CLERK

STEPHEN JOHNSON and SARAH
JOHNSON, on behalf of themselves and
all others similarly situated,

Plaintiffs,

v.

LUMBER LIQUIDATORS, INC.,

Defendant.

) Class Action Complaint

) Demand for Jury Trial

) No. _____

) **1 : 15 -cv- 0395 RLY -MJD**

CLASS ACTION COMPLAINT

Plaintiffs Stephen Johnson and Sarah Johnson, on behalf of themselves and
all others similarly situated, allege as follows:

I. INTRODUCTION

1. Defendant Lumber Liquidators, Inc. supervises and controls the
manufacturing of, and packages, distributes, markets, and sells laminate wood
flooring products to, consumers in Indiana. Defendant's labels on these laminate
wood flooring products represent that the products comply with strict formaldehyde
emission standards promulgated by the California Air Resources Board ("CARB")
and enumerated in California's Airborne Toxic Control Measure to Reduce
Formaldehyde Emissions from Composite Wood Products ("CARB Regulations").
Formaldehyde is a substance known to cause cancer. However, laminate wood

flooring products that are manufactured in China and sold by Lumber Liquidators to consumers in Indiana emit formaldehyde gas at levels that exceed the strict limits set forth in the CARB standards. Defendant fails to disclose the unlawful level of formaldehyde emission to consumers. Hence, Indiana consumers are buying flooring products from Defendant that should not be distributed or sold in Indiana. They are also buying flooring products from Defendant that Defendant says are safe when in fact they are not.

2. Exposure to formaldehyde is linked to increased risk of cancer of the nose and sinuses, nasopharyngeal and oropharyngeal cancer, lung cancer, and leukemia. Formaldehyde also causes burning eyes, nose and throat irritation, coughing, headaches, dizziness, joint pain and nausea. Formaldehyde has also been linked to the exacerbation of asthma in formaldehyde sensitive individuals.

3. Laminate wood flooring is generally composed of a base layer of pressed composite wood (particle board or medium-density fiberboard), which is a mixture of sawdust or wood particles bonded together with glue or resin, and a top layer which is usually a veneer or other material such as a photographic image or picture of wood, affixed as a decorative surface. The CARB Regulations categorize medium density fiberboard as either "MDF," which has a thickness of greater than 8 mm, or "Thin MDF," which has a thickness of 8mm or less.

4. Inexpensive laminate wood flooring, often produced in China, can be a significant source of formaldehyde gas emission since formaldehyde glues and resins are used to hold the pressed wood together.

5. Lumber Liquidators supervises and controls the manufacturing of laminate wood flooring products from several manufacturing plants in China. Lumber Liquidators sells those laminate wood flooring products at Lumber Liquidators' 7 retail stores in Indiana. Defendant also sells those laminate wood flooring products to Indiana consumers through Lumber Liquidators' retail website, www.lumberliquidators.com, and through its toll free customer service telephone line, 1-800-HARDWOOD (1-800-427-3966).

6. From October 2013 through November 2014, three certified and accredited laboratories tested the formaldehyde emissions of laminate wood flooring purchased from several nationwide retail outlets, including Home Depot, Lowe's, and Lumber Liquidators. Of the dozens of products tested by far the highest formaldehyde levels were found in the laminate wood flooring sold by Lumber Liquidators that was produced in China. Similar products manufactured in North America generally had much lower formaldehyde levels that complied with the formaldehyde emission standards promulgated by CARB. Similar products tested from Lumber Liquidators' competitors also showed significantly lower formaldehyde levels that generally complied with the CARB formaldehyde emission standards. The list of products that have been tested and found to exceed the CARB limit for formaldehyde emissions is set forth in paragraph 23 below.

7. Despite this discrepancy, Lumber Liquidators did not differentiate between its domestically manufactured floor laminates and those made in China. Defendant's labels on its Chinese laminate wood flooring products state that the

products comply with strict formaldehyde emission standards promulgated by CARB by stating "California 93120 Phase 2 Compliant for Formaldehyde."

8. In 2014 and early 2015, 60 Minutes news conducted an independent investigation into Lumber Liquidators' Chinese-made flooring products. Investigators purchased 31 boxes of various Chinese-made flooring products from various Lumber Liquidators stores around the country and sent the sample for testing at two certified labs. Of the 31 samples, only one was compliant with CARB formaldehyde emissions standards. Some were more than 13 times over the California limit. (*Lumber Liquidators Linked to Health and Safety Violations*, 60 Minutes (Mar. 1, 2015), available at <http://www.cbsnews.com/news/lumber-liquidators-linked-to-health-and-safety-violations/> (last visited March 4, 2015).)

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

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

(*Id.*)

10. Lumber Liquidators does not give consumers any warnings about unlawful formaldehyde levels in its laminate wood flooring products, but instead represents on its product labels, website, and warranties that its flooring products comply with strict formaldehyde standards. Lumber Liquidators has made false and

misleading statements that its flooring products comply with CARB formaldehyde standards, and the even more stringent European formaldehyde standards. Lumber Liquidators' website falsely states, "we not only comply with laws-we exceed them." Highest Quality Flooring. GUARANTEED.

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

FOOTER Quality (last visited on March 2, 2015, Page unavailable as of March 4, 2015).

11. Plaintiffs seek to represent themselves and similarly-situated persons in Indiana who have purchased Defendant's laminate wood flooring products that were manufactured in China, labeled as CARB compliant, and sold to consumers in Indiana.

II. JURISDICTION AND VENUE

12. This Court has jurisdiction over this action under 28 U.S.C. § 1332(d)(2) 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 a State different from the Defendant.

13. This Court has personal jurisdiction over the parties in this action by the fact that Defendant is a corporation that does business in the state of Indiana.

14. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b) inasmuch as the unlawful practices are alleged to have been committed in this

District, Defendant regularly conducts business in this District, and the named Plaintiffs reside in this District.

III. PARTIES

15. Plaintiffs Stephen and Sarah Johnson are residents of Indianapolis, Indiana.

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

17. Lumber Liquidators is one of the largest specialty retailers of hardwood flooring in the United States with over 300 retail stores in 46 states, including 7 stores in Indiana.

IV. FACTUAL ALLEGATIONS

A. California's Formaldehyde Standard

18. On January 1, 1998, the state of California officially listed Formaldehyde (gas) as a chemical known to cause cancer.

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

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

21. The CARB Regulations apply to composite wood (“laminate”) products including flooring. Cal. Code regs., tit. 17 § 93120.2(a).

22. The CARB Phase 1 Emission Standard for MDF, which was in effect from January 1, 2009 to December 31, 2010, limited formaldehyde emissions to .21 parts per million (“ppm”). The Phase 2 Emission standard for MDF dictates that as of January 1, 2011, MDF flooring products such as those involved in this action that are sold in California must emit no more than 0.11 parts per million (“ppm”) of formaldehyde. The CARB Phase 1 Emission Standard for Thin MDF, which was in effect from January 1, 2009 to December 31, 2011, limited formaldehyde emissions to .21 ppm. The CARB Phase 2 Emission Standard for Thin MDF dictates that as of January 1, 2012, thin MDF flooring products such as those involved in this action must emit no more than 0.13 ppm of Formaldehyde. Cal. Code Regs., tit. 17 § 93120.2(a). Hereinafter, the formaldehyde emission standards for both MDF and Thin MDF will be referred to as the “CARB limit.”

B. Lumber Liquidators’ Laminate Wood Flooring Products

23. Defendant supervises and/or controls the manufacturing and packaging of laminate wood flooring products in China that Defendant then distributes, markets, and/or sells in Indiana. Those laminate wood flooring products contain formaldehyde and emit formaldehyde gas at levels that exceed, and sometimes grossly exceed, the CARB limit. Those laminate wood flooring products include the following:

- a. 8 mm Dream Home Nirvana Royal Mahogany Laminate Flooring (the product purchased by Plaintiff Ballerini);
- b. 8 mm Dream Home Nirvana French Oak Laminate Flooring (the product purchased by Plaintiff Balerro);
- c. 12 mm Dream Home Ispiri Poplar Forest Oak Laminate Flooring (the product purchased by Plaintiff Miller);
- d. 12 mm Dream Home Kensington Manor Antique Bamboo Laminate Flooring;
- e. 12 mm Dream Home St. James Oceanside Plank Laminate Flooring;
- f. 12 mm Dream Home Kensington Manor Warm Springs chestnut Laminate Flooring;
- g. 15 mm Dream Home St. James Sky Lakes Pine Laminate Flooring;
- h. 12 mm Dream Home Kensington Manor Imperial Teak Laminate Flooring;
- i. 12 mm Dream Home St. James Vintner's Reserve Laminate Flooring;
- j. 12 Dream Home Kensington Manor Cape Doctor Laminate Flooring;
- k. 12 mm Dream Home St. James Golden Acacia Laminate Flooring;
- l. 12 mm Dream Home Kensington Manor Sandy Hills Hickory Laminate Flooring;
- m. 12 mm Dream Home Kensington Manor Tanzanian Wenge Laminate Flooring;
- n. 12 mm Dream Home Ispiri America's Mission Olive Laminate Flooring;
- o. 12 mm Dream home Kensington Manor Golden Teak Laminate Flooring;

- p. 12 mm Dream Home Kensington Manor Summer Retreat Teak Laminate Flooring;
- q. 12 mm Dream Home Kensington Manor Glacier Peak Poplar Laminate Flooring;
- r. 12 mm Dream Home St. James Brazilian Koa Laminate Flooring;
- s. 12 mm Dream Home St. James Blacksburg Barn Board Laminate Flooring;
- t. 12 mm Dream Home St. James Nantucket Beech Laminate Flooring;
- u. 12 mm Dream Home St. James Chimney Rock Charcoal Laminate Flooring;
- v. 12 mm Dream Home St. James African Mahogany Laminate Flooring;
- w. 12 mm Dream Home Kensington Manor Fumed African Iron wood Laminate Flooring;
- x. 8 mm Bristol County Cherry Laminate Flooring;
- y. 12 mm Dream Home Inspiri Americas Mission Olive Laminate Flooring;
- z. 12 mm Dream Home Inspiri Chimney Tops Smoked Oak Laminate Flooring;
- aa. 12 mm Dream Home Inspiri Americas Mission Olive Laminate Flooring;
- bb. 12 mm Dream Home Kensington Manor Handscraped Imperial Teak Laminate Flooring (SKU 10029601);
- cc. 12 mm Dream Home Kensington Manor Handscraped Imperial Teak Laminate Flooring (SKU 10023958);
- dd. 12 mm Dream Home Kensington Manor Handscraped Summer Retreat Teak Laminate Flooring; and

ee. 12 mm Dream Home St. James Cumberland Mountain Oak Laminate Flooring;

24. CARB regulations apply to all of these flooring products.

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

26. On information and belief, each of the Lumber Liquidators' laminate wood flooring products listed in paragraph 23 above emit formaldehyde gas at levels that exceed the CARB limit.

C. **Lumber Liquidators Misrepresents that its Laminate Wood Flooring Products Meet CARB Standards.**

27. Despite unlawful levels of formaldehyde emissions from its laminate wood flooring products, Defendant misrepresents to consumers on its website, product packaging, and warranties that its laminate wood flooring products meet the CARB standards for formaldehyde emissions.

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

Is Lumber Liquidators Compliant with the California law?

Laminate and engineered flooring products sold by Lumber Liquidators are purchased from mills whose production method has been certified by a Third Party Certifier approved by the State of California to meet the CARB standards. The scope of the certification by the Third Party Certifier includes the confirmation that the manufacturer has implemented the quality systems, process controls, and

testing procedures outlined by CARB and that their products conform to the specified regulation limits. The third Party Certifier also provides ongoing oversight to validate the manufacturers' compliance and manufacturers must be periodically re-certified. [Emphasis in original]

Does CARB only apply to California?

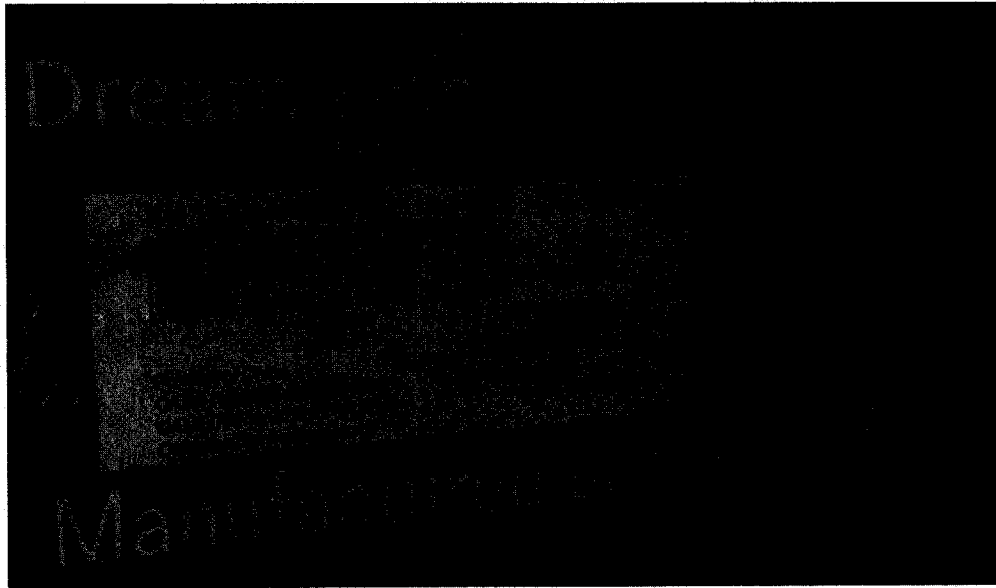
Though it currently applies only to products sold in California, **Lumber Liquidators made a decision to require all of our vendors to comply with the California Air Resources Board regulations regardless of whether we intended to sell the products in California or any other state/country.** [Emphasis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

What extra steps does Lumber Liquidators take to ensure compliance?

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

(http://www.lumberliquidators.com/11/flooring/ca-air-resources-boardregulations?Wt.ad=GLOBAL_FOOTER_CaliRegCARB (last visited on March 4, 2015)).

29. In addition, the product packaging for Lumber Liquidators' laminate wood flooring states: "CARB . . . Phase 2 Compliant for Formaldehyde." On information and belief, this statement is presented on all Lumber Liquidators' laminate flooring product packaging regardless of whether the flooring inside the packaging complies with the CARB standards.



30. Lumber Liquidators' purchase orders come with a warranty stating that the customer's purchased flooring products comply "with all applicable laws, codes and regulations," and "bear all warnings, labels, and markings required by applicable laws and regulations."

31. Instead of warning consumers about formaldehyde emissions from its laminate wood flooring products, Lumber Liquidators' website states that it has Third Party Certifiers approve its flooring products to meet CARB standards.

Regulations and Lumber Liquidators' Compliance

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

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

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

(http://www.lumberliquidators.com/ll/flooring/Flooring101?Wt.ad=RIGHTNAV_Flooring101 (last visited March 4, 2015).)

32. Lumber Liquidators materially misrepresents the safety of its laminate wood flooring products as compliant with the CARB limit when in fact they are not.

33. Lumber Liquidators makes the material omission of failing to tell consumers that they are buying laminate wood flooring products with unlawfully high levels of formaldehyde.

34. These laminate wood flooring products have been sold by Defendant for use in Indiana for years.

35. Defendant continues to distribute and sell its laminate wood flooring products to customers in Indiana with the representation that they are CARB compliant, even though they are not.

D. **Lumber Liquidators Knew that its Representations of California-Compliant Formaldehyde Levels in its Laminate Wood Flooring was False.**

36. On information and belief, at all times relevant to this action, Lumber Liquidators has knowingly misrepresented its laminate wood flooring products as CARB compliant and knowingly failed to disclose to consumers the unlawful levels of formaldehyde emissions from its laminate wood flooring products.

37. At the same time that Defendant is representing in its public statements to consumers that the laminate wood products it sells are sourced from mills whose production methods are CARB compliant and that the products conform to CARB's specified formaldehyde emission limits, Defendant has acknowledged in statements made to the Securities and Exchange Commission that, "While our suppliers agree to operate in compliance with applicable laws and regulations, including those relating to environmental and labor practices, ***we do not control our suppliers.*** Accordingly, we cannot guarantee that they comply with such laws and regulations or operate in a legal, ethical and responsible manner. Violation of environmental, labor or other laws by our suppliers or their failure to operate in a legal, ethical and responsible manner, could...expose us to legal risks as a result of our purchase of product from non-compliant suppliers." (Lumber Liquidators February 19, 2014 10-K to the United States Securities and Exchange Commission

at p. 14, <http://investors.lumberliquidators.com/index.php?o=25&s=127>.) In the same SEC filing, however, Lumber Liquidators admits that it oversees quality control in its Chinese mills: "We are able to set demanding specifications for product quality and our own quality control and assurance teams are on-site at the mills, coordinating inspection and assurance procedures." (Lumber Liquidators February 19, 2014-10-K to the United States Securities and Exchange Commission at p. 5.)

38. Despite its stated concern that its suppliers might not comply with environmental regulations, Defendant has failed to sufficiently exercise its acknowledged quality control over those suppliers to ensure that they comply with CARB standards, and Defendant continues to sell to California consumers laminate wood flooring products that Defendant obtains from those suppliers.

39. On June 20, 2013, the news website *Seeking Alpha*, published a lengthy article documenting high formaldehyde levels in Chinese-made laminate flooring sold by Lumber Liquidators. The author of the article, Xuhua Zhou, retained a certified laboratory to test three samples of Chinese-made laminated flooring sold by Lumber Liquidators. Zhou's article states, "The tested product, Mayflower 5/16"x5" Bund birch Engineered, emits a staggering three and half times over the government mandated maximum emission level. The product is clearly not CARB compliant yet Lumber Liquidators tagged CARB compliance on the box." (Xuhua Zhou, *Illegal Products Could Spell Big Trouble At Lumber Liquidators*, Seeking Alpha (June 20, 2013, 2:33 PM ET), <http://seekingalpha.com/>

article/1513142-illegal-products-could-spell-big-trouble-at-lumber-liquidators (last visited on March 6, 2015).)

40. On information and belief, high formaldehyde content resins and glues are less expensive and dry more quickly than low formaldehyde glues and resins. By using high formaldehyde content resins and glues rather than low formaldehyde content resins and glues, Lumber Liquidators' Chinese manufacturers are able to produce laminate wood flooring more quickly and at higher volumes thereby reducing costs and generating greater profits for Lumber Liquidators.

41. On or about November 26, 2013, a putative federal securities class action lawsuit was filed against Lumber Liquidators in the United States District court in the Eastern District of Virginia based on drops in the stock price following the *Seeking Alpha* article and its allegations concerning the formaldehyde emissions from Defendant's laminate wood flooring products. *Kiken v. Lumber Liquidators Holdings, Inc. et al.*, 4:2013-cv-00157 (E.D.Va). This case is currently pending. Lumber Liquidators was made aware during the pendency of this and other lawsuits of complaints and allegations that its laminate wood flooring products from China emit formaldehyde gas at levels that violate the CARB limits.

42. Numerous Lumber Liquidators customers have posted internet complaints on Defendant's website concerning formaldehyde emissions, including Deborah of North Fork, California who posted on the Consumer Affairs website on September 11, 2014:

We spent thousands of dollars and went with the LL recommended professional installer...the product we were sold

was supposedly made in the USA—nope, China. One of my children cannot walk barefoot on the floor because he will blister from the formaldehyde content. We saved for years for this floor, it will need to be replaced. Please RUN to another dealer. This company does not care about the customer on bit. This has been a devastating blow to our family.

(Consumer Complaints & Reviews, http://www.Consumeraffairs.com/homeowners/lumber_liquidators.html (December 2, 2014).)

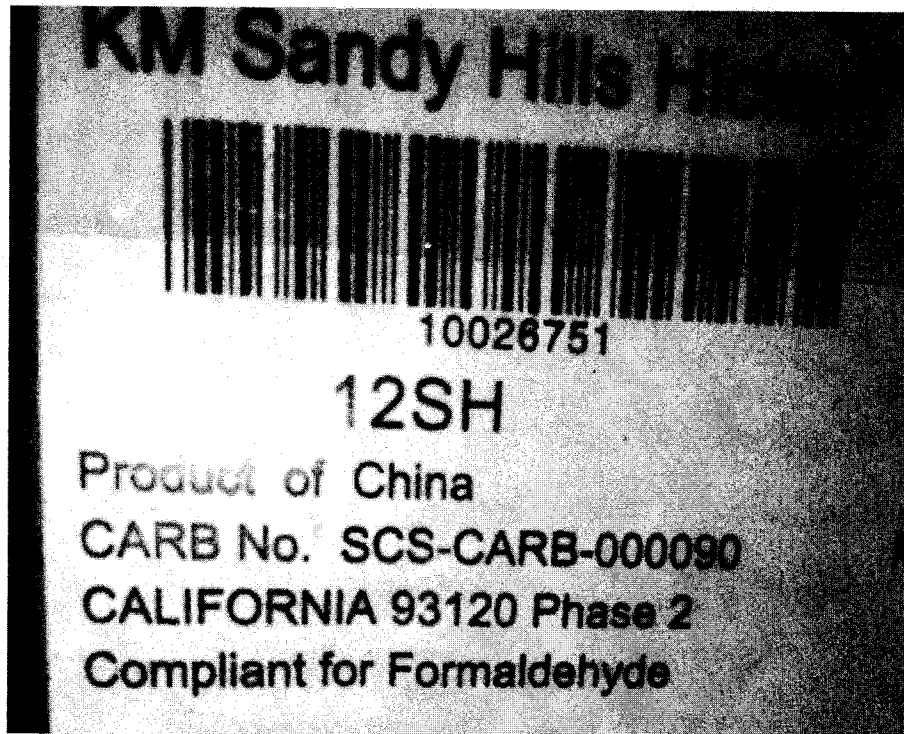
43. Based on these lawsuits, articles, and blog posts, Defendant knew or should have known that its laminate wood flooring products were not compliant with CARB standards. Despite this knowledge, Defendant failed to reformulate its flooring products so that they are CARB compliant or to disclose to consumers that these products emit unlawful levels of formaldehyde. Instead, Defendant has sold and continues to sell laminate wood flooring products in California that exceed the CARB limit and it has continually represented to consumers that those products are CARB compliant.

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

V. FACTS RELATING TO PLAINTIFFS

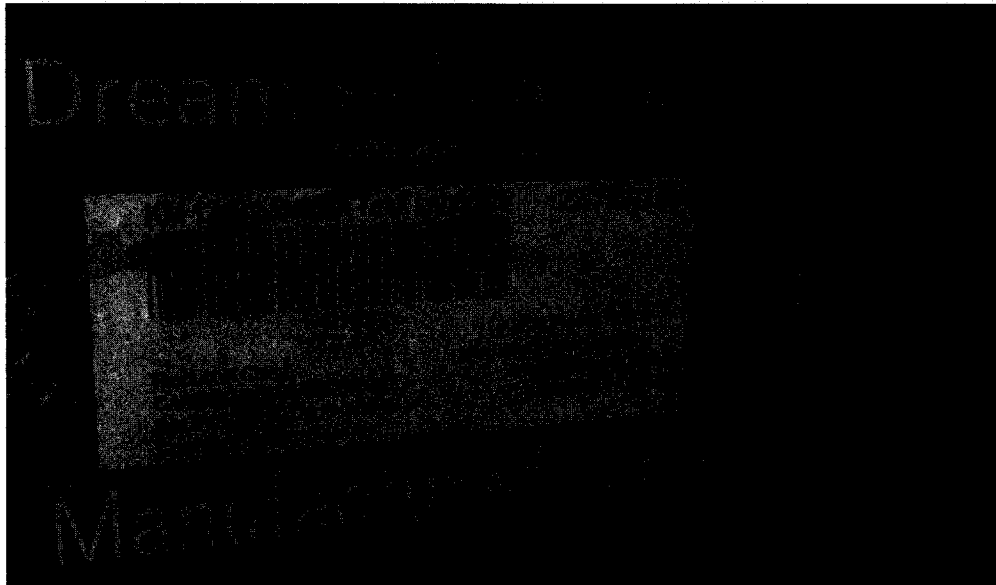
45. On January 17, 2014, Plaintiffs purchased 12 mm Dream Home Kensington Manor Sandy Hills Hickory Laminate Flooring for \$2,340.43 at a Lumber Liquidators store located in Greenwood, Indiana. On information and belief, the flooring was produced at the laminate mill in China.

46. The box for the flooring purchased contained the following label:



47. On January 28, 2015, Plaintiffs purchased 12 mm Dream Home Kensington Manor Golden Teak Laminate Flooring for \$2,537.65 at a Lumber Liquidators store located in Greenwood, Indiana. On information and belief, the flooring was produced at the laminate mill in China.

48. The box for the flooring purchased contained the following label:



49. Plaintiffs purchased the laminate flooring for the purpose of installing it in their home that they share with their small children, including a young child that suffers from asthma.

50. At the time that Plaintiffs purchased this laminate wood flooring, Lumber Liquidators falsely represented that the product was compliant with CARB formaldehyde emission standards. At the time of the purchase, Lumber Liquidators also failed to inform Plaintiffs that the laminate wood flooring product they purchased actually exceeded the CARB formaldehyde emission limit and that formaldehyde is a chemical known to cause cancer. Plaintiffs relied on Lumber Liquidators' misrepresentations/omissions regarding compliance with CARB formaldehyde emission standards when deciding to purchase the laminate wood flooring products and, as a result, paid Lumber Liquidators for products they would not have otherwise purchased.

51. Had the Lumber Liquidators' laminate wood flooring been CARB compliant, the Plaintiffs would have been satisfied with their purchases.

VI. CLASS ACTION ALLEGATIONS

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

All persons who purchased from Defendant in Indiana one or more laminate wood flooring products that were for their personal use rather than for resale or distribution, that were manufactured in China, and that were advertised as being CARB compliant.

53. The Class is so numerous that joinder of all members is impracticable. Plaintiffs do not know the exact size or identities of the members of the Class, since such information is in the exclusive control of Defendant. Plaintiffs believe that the Class encompasses many hundreds and even thousands of individuals whose identities can be readily ascertained from Defendant's records.

54. All members of the Class have been subject to and affected by the same conduct. All purchased laminate wood flooring products from the Defendant that were falsely advertised as being known to be compliant with CARB standards for formaldehyde and were therefore safe to install in homes or businesses. Instead, the levels of formaldehyde in the flooring products were, at a minimum, unknown and in many cases emitting unlawful levels of formaldehyde. The lack of monitoring to ensure CARB compliance and the resulting lack of CARB compliance was not disclosed to any class members. There are numerous questions of law and fact common to Plaintiff and the Class, including the following:

- a. Whether Lumber Liquidators properly and adequately monitored their

Chinese manufacturing plants to ensure CARB compliance;

b. Whether Lumber Liquidators' laminate wood flooring products that were manufactured in China and sold in California exceed the CARB limit;

c. Whether Lumber Liquidators falsely labeled and advertised its Chinese manufactured laminate wood flooring products as being CARB compliant;

d. Whether any false representations regarding CARB compliance were made knowingly and willfully;

e. Whether Lumber Liquidators concealed and omitted material facts from its communications with and disclosure to all class members regarding the levels of formaldehyde in its laminate wood flooring products;

f. Whether Lumber Liquidators breached express warranties to class members regarding its laminate wood flooring products;

g. Whether Lumber Liquidators' misrepresentations or omissions constitute unfair or deceptive practices;

h. Whether the above practices caused Class members to suffer injury; and

i. The proper measure of damages.

55. Plaintiffs' claims are typical of the claims of the Class and do not conflict with the interests of any other members of the Class.

56. Plaintiffs will fairly and adequately protect the interests of the Class. Plaintiffs have retained counsel who is experienced in class-action and complex litigation. Plaintiffs have no interests that are adverse to, or in conflict with, other members of the Class.

57. The questions of law and fact common to the Class Members predominate over any questions which may affect only individual members.

58. A class action is superior to other available methods for the fair and efficient adjudication of the controversy. Class treatment of common questions of law and fact is superior to multiple individual actions or piecemeal litigation. Moreover, absent a class action, most Class Members would likely find the cost of litigating their claims prohibitively high and would therefore have no effective remedy.

59. The prosecution of separate actions by the individual Class members would create a risk of inconsistent or varying adjudications with respect to individual Class members, which would establish incompatible standards of conduct for Anthem. In contrast, the conduct of this action as a class action presents far fewer management difficulties, conserves judicial resources and the parties' resources, and protects the rights of each Class member.

FIRST CAUSE OF ACTION

Violation of the Magnuson-Moss Warranty Act, 15 U.S.C. § 2301 *et seq.*

60. Plaintiffs re-allege and incorporate all paragraphs above as though fully set forth herein.

61. Plaintiffs and the other members of the class are "consumers" within the meaning of the Magnuson-Moss Warranty Act, 15 U.S.C. § 2301(3).

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

63. Lumber Liquidators flooring that was purchased separate from the initial construction of the structure into which it was to be installed constitutes a "consumer product" within the meaning of 15 U.S.C. § 2301(1).

64. Lumber Liquidators' express warranties and written affirmations of fact regarding the nature of the flooring, i.e., that the flooring was in compliance with CARB formaldehyde standards, constitutes a written warranty within the meaning of 15 U.S.C. § 2301(6).

65. Lumber Liquidators breached their warranties by manufacturing, selling and/or distributing flooring products with levels of formaldehyde that exceed the CARB standards, or by making affirmative representations regarding CARB compliance without knowledge of its truth.

66. Lumber Liquidators' breach deprived Plaintiffs and the other Class members of the benefit of their bargains.

67. The amount in controversy of Plaintiffs' individual claims exceeds the value of \$25. In addition, the amount in controversy exceeds the value of \$50,000 (exclusive of interest and costs) computed on the basis of all claims to be determined in this action.

68. Defendant has been notified of its breach of written warranties and has failed to adequately cure those breaches. As a direct and proximate result of Defendant's breaches of its written warranties, Plaintiffs and the other Class members sustained damages in amounts to be determined at trial.

SECOND CAUSE OF ACTION

Violation of the Indiana Deceptive Consumer Sales Act

69. Plaintiffs re-allege and incorporate all paragraphs above as though fully set forth herein.

70. Defendant's conduct as alleged in this Complaint violated Ind. Code § 24-5-0.5-3 *et seq.*, including without limitation that (a) Defendant sold and/or distributed laminate wood flooring products in Indiana California that exceeded the CARB limit for formaldehyde emissions from composite wood products, despite representations to the contrary; (b) Defendant did not inform consumers that Defendant's laminate wood flooring products sold in Indiana emit formaldehyde at levels that exceed the formaldehyde emission limit set forth in the CARB standards Defendant promised to adhere to; (c) Defendant made untrue, deceptive, or misleading environmental marketing claims on the labels of its laminate wood flooring products' packaging and on promotional materials including pages of the Lumber Liquidators' website; and (d) Defendant expressly warranted on every package of laminate wood flooring products it distributes and sells in Indiana, as well as in promotional materials and product invoices, that the products comply with CARB formaldehyde standards and all other applicable laws and regulations when they do not. This express warranty also appears on Defendant's website, and product invoices and instruction materials.

71. Plaintiff and Class members relied on Defendant's misrepresentations and omissions.

72. Defendant's deceptive acts were done as part of a scheme, artifice, or device with intent to defraud or mislead and constitute incurable deceptive acts under Ind. Code § 24-5-0.5-1 *et seq.*

73. Plaintiff and Class members are entitled to damages, reasonable attorneys' fees, costs of suit, and any other relief which the Court deems proper.

THIRD CAUSE OF ACTION

Breach of Express Warranty

74. Plaintiffs re-allege and incorporate all paragraphs above as though fully set forth herein.

75. Throughout the Class Period, Lumber Liquidators has expressly warranted that its laminate wood flooring products comply with CARB formaldehyde standards and all other applicable laws and regulations.

76. Defendant's express warranty that its laminate wood flooring products comply with the CARB standards appears on every package of laminate wood flooring Defendant sells or has sold in Indiana, including those sold to Plaintiffs and all Class Members. This express warranty also appears on Defendant's website, and product invoices and instruction materials.

77. Lumber Liquidators' warranties became part of the basis of the bargain in selling laminate wood flooring products to Plaintiffs and Class Members.

78. Lumber Liquidators breached these express warranties by selling, and/or distributing the laminate wood flooring products, which fail to comply with the CARB standards.

79. Plaintiffs and members of the Class paid money for the laminate wood flooring and paid to have the flooring installed in their homes, work, and other spaces. However, Plaintiffs and the members of the Class did not obtain the full value of the advertised products. If Defendant had disclosed the true nature of the flooring products, that they emitted unlawful levels of a cancer-causing chemical, Plaintiffs and Class Members would not have purchased the laminate wood flooring products.

80. As a result of this breach, Plaintiffs and the members of the Class suffered injury and deserve to be compensated for the damages they suffered.

81. Plaintiffs and the Class are therefore entitled to recover compensatory damages, declaratory relief, and other relief as specifically prayed for herein.

REQUEST FOR RELIEF

WHEREFORE, Plaintiffs, on behalf of themselves and all Class Members, seek the following relief against Defendant:

- A. An order certifying this action as a class action under Rule 23 of the Federal Rules of Civil Procedure, and defining the Class as requested herein;
- B. Damages, including actual, compensatory, and consequential damages incurred by Plaintiffs and Class Members;
- C. An award to Plaintiffs and Class Members of reasonable attorneys' fees and costs to be paid by Defendant; and,
- D. An award of such other and further relief as this Court may deem appropriate.

DEMAND FOR JURY TRIAL

Plaintiffs hereby demand trial by jury

Dated: March 9, 2015

Respectfully submitted,



Irwin B. Levin, #8786-49
Richard E. Shevitz, #12007-49
Vess A. Miller, #26495-53
Lynn A. Toops, #26386-49A
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JS 44 (Rev. 09/11)

CIVIL COVER SHEET

The JS 44 civil coversheet and the information contained herein neither replace nor supplement the filing and service of pleadings on other papers 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 clerk of court to use for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

Stephen Johnson and Sarah Johnson, on behalf of themselves and all others similarly situated,

(b) County of Residence of First Listed Plaintiff Marion County, IN
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)
Irwin B. Levin, Richard E. Shevitz, Vess A. Miller, Lynn A. Toops,
Cohen & Malad, LLP, One Indiana Sq., Ste. 1400, Indianapolis, IN
46204 (317) 636-6481

DEFENDANTS

Lumber Liquidators, Inc.

County of Residence of First Listed Defendant James City
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

1 : 15 -cv- 0395 RLY -MJD

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
☐ 2 U.S. Government Defendant
☐ 3 Federal Question (U.S. Government Not a Party)
☒ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | | | | | |
|--|---|--------------------------------|--|--------------------------------|---------------------------------------|
| Citizen of This State | PTF <input checked="" type="checkbox"/> 1 | DEF <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | PTF <input type="checkbox"/> 4 | DEF <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input checked="" type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

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

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Med. Malpractice	PERSONAL INJURY <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input checked="" type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWW/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITE <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY	CIVIL RIGHTS	PRISONER PETITIONS	IMMIGRATION		
<input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education	<input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement	<input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus - Alien Detainee (Prisoner Petition) <input type="checkbox"/> 465 Other Immigration Actions		

V. ORIGIN

(Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
☐ 2 Removed from State Court
☐ 3 Remanded from Appellate Court
☐ 4 Reinstated or Reopened
☐ 5 Transferred from another district (specify)
☐ 6 Multidistrict Litigation

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
28 U.S.C. § 1332(d)(2)

Brief description of cause:

Class Action for laminate flooring products that emit formaldehyde

VII. REQUESTED IN COMPLAINT:

☒ CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: ☒ Yes ☐ No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE

DOCKET NUMBER

DATE

SIGNATURE OF ATTORNEY OF RECORD

03/09/2015

FOR OFFICE USE ONLY

RECEIPT #

AMOUNT

APPLYING IFP

JUDGE

MAG. JUDGE