1	Raymond P. Boucher, State Bar No. 1153	64
2	ray@boucher.la Shehnaz M. Bhujwala, State Bar No. 223	484
3	bhujwala@boucher.la BOUCHER LLP	
4	21600 Oxnard Street, Suite 600 Woodland Hills, California 91367-4903	
5	Tel: (818) 340-5400 Fax: (818) 340-5401	
6	Attorneys for Plaintiff John Flanagan	
7		
8	UNITED STATES	DISTRICT COURT
9	CENTRAL DISTRICT OF CAL	IFORNIA, WESTERN DIVISION
10		
11	JOHN FLANAGAN, Individually, and	Case No. 2:15-CV-01752
12	on Behalf of All Others Similarly Situated,	<u>CLASS ACTION</u>
13	Plaintiff,	COMPLAINT FOR INJUNCTIVE RELIEF AND DAMAGES:
14	V.	(1) CALIFORNIA UNFAIR
15	LUMBER LIQUIDATORS, INC., and DOES 1-10, INCLUSIVE	COMPETITION LAW (CAL. BUS. & PROF. CODE §17200 ET SEQ.)
16	Defendants.	(2) CALIFORNIA FALSE ADVERTISING LAW (CAL. BUS. &
17		PROF. CODE § 17500 ET SEQ.) (3) CALIFORNIA CONSUMERS
18		LEGAL REMEDIES ACT (CAL. CIV. CODE § 1750 ET SEQ.)
19		(4) MAĞNUSON-MÕŚS WARRANTY ACT (15 U.S.C. § 2301
20		(5) BREACH OF EXPRESS
21		(6) NEGLIGENT MISREPRESENTATION
22		REQUEST FOR JURY TRIAL
23		REQUEST FOR JUNE TRIAL
24	D1 ' ('CC 1 1 T1	1 1 1 10 0 11 4 2 11 1
25		ly and on behalf of all others similarly
26	situated ("Plaintiff"), hereby alleges and o	
27	against defendants Lumber Liquidators, In	
28	requests a trial by jury of all issues and ca	uses of action so triable.

00027895.1

14 15

16

22

21

24

23

25

26

27

28

This complaint challenges the uniform policies and practices of 1. defendant Lumber Liquidators, Inc. and Does 1 through 10, inclusive ("Defendants") to falsely, unlawfully, unfairly, and deceptively market, distribute and/or sell to consumers laminate flooring products that emit unsafe and illegal levels of formaldehyde, a known human carcinogen. Defendants' policies and practices pose serious risks to public health and safety and violate the rights of consumers under state consumer protection statutes and common law. Defendants must be held accountable for their violations of law, and stopped from causing further harm to consumers.

Plaintiff brings this complaint on behalf of himself and the Class 2. defined herein, whose rights Defendants violated and continue to violate and whose health and safety Defendants have placed at risk, between March 10, 2011 and the present (the "Class Period").

II. **PARTIES**

3. Plaintiff John Flanagan is, and at all material times, has been, a California citizen residing in the city of Chatsworth, Los Angeles County, California. Plaintiff purchased and/or caused to be purchased laminate flooring products manufactured, marketed, distributed and/or sold by Defendants for his home in Chatsworth, California from Defendants' North Hills, California store on or about April 19, 2014, including 50 boxes of Defendants' 12mm Dream Home Kensington Manor Golden Teak Laminate Flooring among other products. Prior to purchase and use of Defendants' laminate flooring products, Plaintiff was exposed to and saw Defendants' representations regarding Defendants' compliance with California law by reading the Defendants' product labeling. Plaintiff purchased and used these products in reliance on Defendants' representations regarding compliance with California's regulations limiting formaldehyde emissions, believing that the Defendants' flooring products were compliant with California law. Plaintiff has

5

9

10 11

12 13

14 15

16

17 18

20

19

21 22

23 24

25

26

27

28

been regularly exposed to unsafe and illegal levels of formaldehyde in his home and suffered harm and incurred damages as a direct and proximate result of Defendants' conduct alleged herein.

- 4. Defendant Lumber Liquidators, Inc. is "the largest specialty retailer of hardwood flooring in North America." See www.investors.lumberliquidators.com. The February 25, 2015 10-K report issued by parent company Lumber Liquidators Holdings, Inc. estimates that the company secured 9% of the 2014 market for hardwood and laminate flooring products sales. See Id. Defendant Lumber Liquidators, Inc. is, at all material times has been, a corporation organized and existing under the laws of Delaware, with a principal place of business located at 3000 John Deere Road, Toano, Virginia 23168, and stores throughout the country, with 38 brick-and-mortar stores in California including numerous stores within this District and Division. Lumber Liquidators, Inc. also directly sells to California consumers, including consumers within this District and Division, via its website: www.lumberliquidators.com. Lumber Liquidators, Inc. markets, distributes and/or sells composite laminate wood flooring products within this District and Division. Lumber Liquidators, Inc. is operating and conducting business under the laws of California and regularly conducts business throughout this District and Division.
- 5. The Defendants sued by the fictitious names DOES 1 through 10 are persons or entities whose true names and identities are currently unknown to Plaintiff. Plaintiff will amend this Complaint to allege the true names and capacities of these fictitiously named Defendants when they are ascertained. Each of the fictitiously named Defendants is responsible for the conduct alleged in this Complaint. Through their conduct, the fictitiously named Defendants actually and proximately caused the damages of Plaintiff and the Class.
- 6. In this Complaint, Defendant Lumber Liquidators, Inc. and Does 1 through 10, inclusive, are sometimes referred to individually as "Defendant" or by name, and are sometimes referred to collectively as "Defendants," or "the

7. At all times mentioned herein, each Defendant was acting as the agent and/or employee of each of the remaining Defendants and was at all times acting within the purpose and scope of such agency and employment. In doing the acts alleged herein, each Defendant, and its officers, directors, members, owners, principals, or managing agents (where the defendant is a corporation, limited liability company, or other form of business entity) authorized and/or ratified the conduct of each other Defendant and/or of his/her/its employees.

III. JURISDICTION AND VENUE

- 8. This Court has original jurisdiction over this action under the Class Action Fairness Act, 28 U.S.C. § 1332(d), because this is a class action in which (i) the proposed class consists of more than 100 members; (ii) at least some members of the proposed class and/or subclass are citizens of a state different from at least one of the defendants; and (iii) the matter in controversy exceeds \$5,000,000, exclusive of interest and costs. Jurisdiction also exists pursuant to 15 U.S.C. § 2310(d)(1)(B).
- 9. Venue is proper in the Central District of California, Western Division, pursuant to 28 U.S.C. § 1391(a) because a substantial part of the events that give rise to the claims herein occurred in this District. In particular, Plaintiff's purchase and use of Defendants' laminate flooring products took place within this District and Division. Venue is also proper because Defendants transact substantial business in this District and Division.
- 10. All of the allegations contained in this Complaint are based upon information and belief, except for those pertaining to Plaintiff and his counsel. Plaintiff's information and belief are based upon, among other things, the investigation that Plaintiff and his counsel have conducted to date. The allegations in this Complaint are substantiated by evidentiary support or are likely to be substantiated by evidentiary support upon further investigation and discovery.

concentrations has a strong, pungent odor and can be irritating to the eyes, nose, and

lungs." Cal. Code Regs., tit. 17, § 93120.1(a)(16.) Other adverse effects reported

when formaldehyde is present in the air at levels exceeding 0.1 parts per million

("ppm") over a short term include "watery eyes; burning sensations in the eyes,

nose, and throat; coughing; wheezing; nausea; and skin irritation." See National

Formaldehyde and Cancer Risk: http://www.cancer.gov/cancertopics/causes-

prevention/risk-factors/cancer-causing-substances/formaldehyde/formaldehyde-

Formaldehyde is identified as a hazardous air pollutant pursuant to

subsection (b) of Section 112 of the federal Clean Air Act (42 U.S.C. § 7412(b)) that

has been designated by the California Air Resources Board ("CARB") as a toxic air

contaminant that "may cause or contribute to an increase in mortality or in serious

illness, or which may pose a present or potential hazard to human health" pursuant

Indeed, research studies of persons with long-term exposure to

to California Health and Safety Code section 39655. Cal. Code Regs., tit. 17, §§

formaldehyde have suggested an association between formaldehyde exposure and

Cancer Institute at the National Institutes of Health's fact sheet entitled

Formaldehyde is "a colorless gas at room temperature that at elevated

2

3

California's Regulation of Formaldehyde Emissions

11.

4 5

6

7 8

9

10

11 12

fact-sheet.

12.

13.

13 14

15 16

17

18 19

20

21 22

23

24 25

26

27

28

Cancer Institute at the National Institutes of Health's fact sheet, Formaldehyde and

93000 and 93001; Cal. Health & Saf. Code § 39655(a).

Cancer Risk: http://www.cancer.gov/cancertopics/causes-prevention/risk-

several cancers, including nasopharyngeal cancer and leukemia. See National

factors/cancer-causing-substances/formaldehyde/formaldehyde-fact-sheet. 14. The Airborne Toxic Control Measure to Reduce Formaldehyde

Emissions from Composite Wood Products ("ACTM") is a CARB regulation contained in Title 17 of the California Code of Regulations, Sections 93120 through

11 12

10

13 14

16

17

15

18 19

20 21

22

23

24

25 26

27

28

93120.12. Cal Code Regs., tit. 17, § 93120(a).

- 15. The ACTM's stated purpose is "to reduce formaldehyde emissions from composite wood products, and finished goods that contain composite wood products, that are sold, offered for sale, supplied, used, or manufactured for sale in California." Cal. Code Regs., tit. 17, § 93120(b).
- Composite wood products, defined as hardwood plywood, 16. particleboard, and medium density fiberboard, are subject to the ACTM. *Id.*; see also Cal. Code Regs., tit. 17, § 93120(a)(8). The ACTM applies to manufacturers, distributors, importers, fabricators, retailers, and third party certifiers of these composite wood products. Cal. Code Regs., tit. 17, § 93120(a) and 93120.1(a).
- 17. The ACTM defines a laminate as a "veneer or other material affixed as a decorative surface to a platform." Cal. Code Regs., tit. 17, § 93120.1(a)(24) and (25). A laminate product is a finished good or component part of a finished good made by a fabricator in which a laminate or laminates are affixed to a platform. Id. If the platform consists of a composite wood product, the product must comply with the applicable emission standards." *Id.*
- 18. As CARB recently explained in plain language, "[a]ny composite wood products contained in flooring products – generally the underlying platform to which the laminate or wood veneer is affixed – are required to be certified as complying with California's formaldehyde emission standards." CARB's Facts About Flooring Made With Composite Wood Products, revised March 3, 2015: http://www.arb.ca.gov/html/fact sheets/composite wood flooring faq.pdf. That's because formaldehyde is typically used in the resins or glues used to bind the wood particles together to make the underlying platform. Although the laminate on top of the platform traps a certain amount of emissions, formaldehyde does "off-gas" into the air.
- 19. The ACTM, adopted in 2007, established two phases of emissions standards: an initial, Phase 1 and a more stringent Phase 2 that required all

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Defendants' Violations Of California's Regulations В.

Table 1," subject only to the exemptions set forth in Section 93120.2(b).

- 20. Defendants and their laminate flooring products that are marketed, distributed and/or sold in California are subject to the ACTM and CARB's limits on formaldehyde emissions. Indeed, Defendants admit on their website that the CARB regulation applies to Defendants' products sold in California, and even boasts CARB compliance for all of Defendants' products sold throughout the country. See: www.lumberliquidators.com/sustainability/health-and-safety/.
- Defendants' website states that, "[a]t Lumber Liquidators, we negotiate 21. directly with the mills and eliminate the middleman. And that means big savings on flooring for you." See www.lumberliquidators.com/ll/home. However, these low prices may be due in part to Defendants' policies and practices of marketing, distributing and/or selling products that do not meet CARB's standards for formaldehyde emissions, as set forth in the ACTM.
- At the request of a non-profit organization, Global Community Monitor, testing was performed on the following laminate flooring products, manufactured by Defendants' suppliers in China and distributed, marketed and/or

1	sold by Defendants in California, by an accredited testing laboratory using test	
2	methods developed by ASTM International, which testing revealed the presence of	
3	formaldehyde in excess of California's "safe harbor" limits under California's	
4	Proposition 65, as well as the presence of formaldehyde in excess of CARB's	
5	current limits (CARB Phase 2):	
6	a. 8 mm Bristol County Cherry Laminate Flooring;	
7	b. 8 mm Dream Home Nirvana French Oak Laminate Flooring;	
8	c. 12 mm Dream Home Kensington Manor Antique Bamboo Laminate	
9	Flooring;	
10	d. 12 mm Dream Home St. James Oceanside Plank Bamboo Laminate	
11	Flooring;	
12	e. 12 mm Dream Home Kensington Manor Warm Springs Chestnut	
13	Laminate Flooring;	
14	f. 15 mm Dream Home St. James Sky Lakes Pine Laminate Flooring;	
15	g. 12 mm Dream Home Ispiri Chimney Tops Smoked Oak Laminate	
16	Flooring;	
17	h. 12 mm Dream Home Kensington Manor Imperial Teak Laminate	
18	Flooring;	
19	i. 12 mm Dream Home St. James Vintner's Reserve Laminate Flooring	
20	j. 12 mm Dream Home Kensington Manor Cape Doctor Laminate	
21	Flooring;	
22	k. 12 mm Dream Home St. James Cumberland Mountain Oak Laminate	
23	Flooring;	
24	1. 12 mm Dream Home Ispiri Americas Mission Olive Laminate	
25	Flooring;	
26	m. 12 mm Dream Home Kensington Manor Glacier Peak Poplar	
27	Laminate Flooring;	
28	n. 12 mm Dream Home Kensington Manor Golden Teak Laminate	

1	Flooring;	
2	o. 12 mm Dream Home Kensington Manor Handscraped Imperial Teak	
3	Laminate Flooring (SKU 10029601);	
4	p. 12 mm Dream Home Kensington Manor Handscraped Summer	
5	Retreat Teak Laminate Flooring;	
6	q. 12 mm Dream Home Kensington Manor Sandy Hills Hickory	
7	Laminate Flooring;	
8	r. 12 mm Dream Home Kensington Manor Tanzanian Wenge Laminate	
9	Flooring;	
10	s. 8 mm Dream Home Nirvana Royal Mahogany Laminate Flooring;	
11	t. 12 mm Dream Home St. James Blacksburg Barn Board Laminate	
12	Flooring;	
13	u. 12 mm Dream Home St. James Brazilian Koa Laminate Flooring;	
14	v. 12 mm Dream Home St. James Golden Acacia Laminate Flooring;	
15	w. 12 mm Dream Home Ispiri Poplar Forest Oak Laminate Flooring;	
16	x. 12 mm Dream Home Kensington Manor Fumed African Ironwood	
17	Laminate Flooring;	
18	y. 12 mm Dream Home St. James African Mahogany Laminate	
19	Flooring;	
20	z. 12 mm Dream Home St. James Chimney Rock Charcoal Laminate	
21	Flooring;	
22	aa. 12 mm Dream Home St. James Nantucket Beech Laminate	
23	Flooring.	
24	See Global Community Monitor's website section dedicated to Lumber Liquidators	
25	Issue: http://www.gcmonitor.org/issues/lumber-liquidators/ and Press Release:	
26	http://www.gcmonitor.org/press-release-all-chinese%E2%80%90made-laminates-	
27	purchased-for-testing-failed-carb-standards/. The test results were released in or	
2.8	about July 2014 according to the non-profit's website Id	

19

26

25

- 27
- 28

- Plaintiff alleges on information and belief that each of the foregoing 23. laminate flooring products is manufactured by Defendants' supplier mills in China using uniform manufacturing policies and practices.
- 24. Recent news reports also indicate that some of the Defendants' most popular flooring tested positive for formaldehyde emission levels above the standards set forth in the ACTM, despite product labels that represent Defendants products to be CARB compliant and additional representations on Defendants' website that the products meet the highest quality and environmental standards.
- 25. On or about March 1, 2015, the CBS news program, 60 Minutes, aired a news piece that revealed the results of its own independent testing of Defendants' laminate flooring products made in China and purchased across the country by two certified labs: of the 31 boxes of Defendants' products purchased and tested, only one was compliant with CARB's emission standards, and some were more than 13 times over the California limit. See http://www.cbsnews.com/news/lumberliquidators-linked-to-health-and-safety-violations/. Moreover, 60 Minutes undercover investigators sent to three of Defendants' suppliers in China 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 complaint." *Id.*
- 26. Although Defendants claim to supervise their suppliers of Defendants' products, including suppliers with mills in China who manufacture laminate flooring products that Defendants then distribute, market and/or sell to California consumers, to ensure CARB compliance (www.lumberliquidators.com/sustainability/healthand-safety/), such claims are hard to reconcile with test results and information described above.

C. **Defendants' Misrepresentations Regarding Compliance and Safety**

27. At all relevant times, Defendants have mislead (and continue to

7 8

9

10 11

12 13

14

15

16

17

18

19

20

22

23

21

24 25

26

27

28

mislead) the public concerning the safety of its products.

28. As stated herein, Defendants' website leads consumers to believe that the Company's flooring products comply with the CARB's formaldehyde standards. The website states, among other things:

Does Lumber Liquidators comply with CARB regulations?

Yes. To comply with the CARB standards, applicable laminate and engineered flooring and accessories sold by Lumber Liquidators are purchased from manufacturers whose production methods have been certified by a Third Party Certifier approved by the State of California to meet the CARB standards; or from suppliers who source composite wood raw materials only from certified manufacturers. 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 composite wood products conform to the specified emission limits. The Third Party Certifier also provides ongoing oversight to validate the manufacturers' compliance and manufacturers must be periodically recertified.

See: http://www.lumberliquidators.com/sustainability/health-and-safety/. Defendants' website goes on to represent a "rigorous 9-step compliance program to help ensure that [Defendants'] products are safe. *Id.*

Following the airing of CBS's 60 Minutes news piece, Defendants 29. continue to represent compliance with California's formaldehyde regulations. In a letter to consumers by Defendants' Chairman, Tom Sullivan, posted to Defendants' website, Defendants represent:

We comply with applicable regulations regarding our products, including California standards for formaldehyde emissions for composite wood products – the most stringent rules in the country. We

take our commitment to safety even further by employing compliance personnel around the world and utilizing the latest in cutting- edge technology to provide our customers with top quality and high value flooring.

See: http://www.lumberliquidators.com/sustainability/60-minutes-letter-from-tom/.

- 30. Moreover, Defendants' laminate flooring product labeling on each of the products identified above represent that Defendants' products are CARB compliant with labeling warranting that the products are "CALIFORNIA 93120 PHASE 2 Compliant for Formaldehyde," regardless of whether Defendants' products comply with CARB Phase 2 standards.
- 31. All of the allegations contained in this Complaint are based upon information and belief, except for those pertaining to Plaintiff and his counsel. Plaintiff's information and belief are based upon, among other things, the investigation that Plaintiff and his counsel have conducted to date. The allegations in this Complaint are substantiated by evidentiary support, or are likely to be substantiated by evidentiary support upon further investigation and discovery.

D. Defendants' Knowledge of Non-Compliance

32. At all relevant times hereto, Defendants knowingly misrepresented the compliance of their laminate flooring products as complying with CARB standards for formaldehyde emissions. While product labeling and other marketing materials represented their products as CARB compliant, Defendants acknowledged to the SEC that they cannot control their suppliers:

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.

See, e.g., Defendants' February 19, 2014 10-K report at p. 14:

5 6

7

8 9

10 11

12

13 14

15

16 17

18

19 20

22

21

23

24 25

26

27

28

33. Defendants were also made aware of their suppliers' non-compliance with CARB standards following the publication of a letter to CARB dated June 20, 2013 on the website, Seeking Alpha, that disclosed testing results of certain of Defendants' laminate flooring products that were manufactured in China by Defendants' suppliers and sold to consumers by Defendants. See: http://seekingalpha.com/article/1513142-illegal-products-could-spell-big-troubleat-lumber-liquidators.

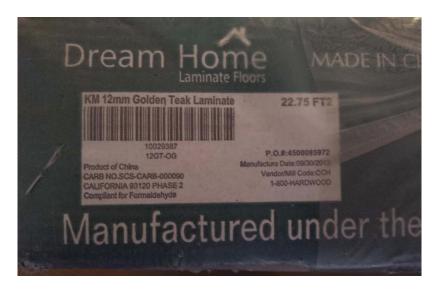
- 34. Thereafter, in late 2013 and again in 2014, Defendants were named as defendants in litigations that alleged unsafe and illegal formaldehyde emissions from Defendants' laminate flooring products. See e.g., Kiken v. Lumber Liquidators Holdings, Inc., et al., Case No. 4:13-cv-00157 (E.D. Va.) and Global Community Monitor v. Lumber Liquidators, Inc. et al., Case No. RG1433979 (Cal. Sup. Ct., Alameda Cty).
- 35. Based on the foregoing, as well as consumer complaints posted online across the internet, Defendants knew or should have known that their laminate flooring products sourced from Chinese mill suppliers were not compliant with CARB standards for formaldehyde emissions. Nevertheless, Defendants continued to sell Defendants' unsafe and illegal products to California consumers while maintaining that the products were CARB-compliant.

Ε. Plaintiff's Experience

- On or about April 19, 2014, Plaintiff purchased and/or caused to be 36. purchased approximately 50 boxes of Defendants' 12 mm Dream Home Kensington Manor Golden Teak Laminate Flooring, among other products, for the flooring throughout his home in Chatsworth, California from Defendants' North Hills, California store. As set forth on the Defendants' product labels, these products were manufactured in China by Defendants' Chinese suppliers.
 - Prior to purchase and use of Defendants' laminate flooring products, 37.

Plaintiff was exposed to and saw Defendants' representations regarding Defendants' compliance with California law by reading the Defendants' product labeling, including labeling on the boxes of Defendants' 12 mm Dream Home Kensington Manor Golden Teak Laminate Flooring that unambiguously stated that the product was "CALIFORNIA 93120 PHASE 2 Compliant for Formaldehyde." The photos below are of the labeling from one of the boxes of Defendants' laminate flooring products purchased by Plaintiff:





38. Plaintiff purchased and used Defendants' laminate flooring products in reliance on these representations set forth on the Defendants' product labeling, believing that the products were compliant with California law limiting the amount

of formaldehyde emissions from the products.

- 39. The flooring was installed in Plaintiff's home approximately one week later.
- 40. Upon installation of the Defendants' flooring products in his home, Plaintiff immediately noticed a unique, chemical smell in his home and suffered persistent allergy-like symptoms such as an irritated throat, persistent cough and runny nose, which he had not experienced prior to installation of the flooring. Within approximately two months of installation, Plaintiff developed nausea and migraine-like headaches experienced on a consistent basis. Plaintiff continues to suffer from these conditions to this day.
- 41. Approximately two months after the installation of the Defendants' flooring in his home, Plaintiff called the Defendants' North Hills, California store to inquire about the chemical smell emanating from the Defendants' flooring products and was told by one of Defendants' representatives that the smell was "normal," and would dissipate over time. However, the smell remains to this day.
- 42. On or about March 1, 2015, Plaintiff watched the CBS 60 Minutes news piece regarding Defendants' laminate flooring products and learned, for the first time, that the flooring he purchased from Defendants for his home did not comply with CARB Phase 2 limits on formaldehyde emissions, despite the Defendants' representations on the product labeling that the products were CARB Phase 2 compliant.
- 43. Had Plaintiff known that Defendants' laminate flooring products were not compliant with California's CARB Phase 2 regulations prior to purchase and use, he would not have purchased or used these products. Not only did Plaintiff not receive the benefit of the bargain in purchasing CARB-compliant flooring, he has been exposed to a known human carcinogen in his own home that has resulted in short term symptoms and that bestows an increased risk of health problems as a result of long-term exposure.

44. Plaintiff suffered harm and incurred damages as a direct and proximate result of Defendants' conduct alleged herein.

V. CLASS ACTION ALLEGATIONS

- 45. Plaintiff brings this action, on behalf of himself and all others similarly situated, as a class action pursuant to Federal Rule of Civil Procedure 23. This action may be brought and properly maintained as a class action because Plaintiff satisfies the numerosity, adequacy, typicality, and commonality pre-requisites for suing as a representative party pursuant to Rule 23.
- 46. <u>Class Definition</u>. The proposed plaintiff Class that Plaintiff seeks to represent is preliminarily composed of and defined as follows:

All persons within California who purchased Defendants' laminate flooring products manufactured in China that were labeled "CARB Phase 2" compliant for personal use between March 10, 2011, through the present ("Class").

- 47. Excluded from the Class are Defendants named herein; officers and directors of Defendants; members of the immediate family of any Defendant; any judges or justices to whom this action is assigned and their immediate families; and the legal representatives, heirs, successors, or assigns of any such excluded party.
- 48. Plaintiff reserves the right to amend or otherwise alter the Class definitions presented to the Court at the appropriate time, or propose or eliminate sub-classes, in response to facts learned through discovery, legal arguments advanced by Defendants, or otherwise.
- 49. Numerosity and Ascertainability. The members of the Class are so numerous that joinder of all members is impracticable. Although the precise number of Class members is unknown to Plaintiff at this time, Plaintiff estimates that there are more than 100 and it is likely that there are thousands of putative Class members. Moreover, the precise number of Class members and their addresses may be obtained from a review of Defendants' own records and/or records in the control of Defendants. This information may then be used to contact potential Class

50. <u>Typicality</u>. Plaintiff is a Class member. His claims are typical of the claims of other members of the Class he seeks to represent. The harm that Plaintiff and all other Class members suffered arose from, and was caused by, the same conduct by Defendants. Defendants have acted, or refused to act, on grounds generally applicable to the Class, thereby making injunctive relief and damages appropriate with respect to the Class as a whole.

- 51. Adequacy of Representation. Plaintiff will fairly and adequately represent and protect the interests of the Class members. Plaintiff has retained counsel that is competent and experienced in consumer class action litigation to ensure such protection. Plaintiff and his counsel intend to prosecute this action vigorously for the benefit of the Class. Plaintiff has no interests that are antagonistic to those of the Class. Plaintiff has no interests that are in conflict with those of the Class.
- 52. <u>Superiority</u>. A class action is superior to other available methods for the fair and efficient adjudication of this controversy for several reasons. First, the damages suffered by each Class member are too small to warrant individual pursuit and thus a class action is the only viable method to obtain damages and other relief from Defendants. Second, class treatment would be superior to adjudicating individual cases due to the much greater expense and burden that individual litigation would impose upon the courts. Third, if Class members sought relief through individual actions, inconsistent or varying adjudications in their individual cases could establish incompatible standards of conduct for the Defendants.
- 53. Predominance of Common Questions of Law and Fact. There exists a well-defined community of interest in the questions of law and fact involved in this case against Defendants, and in obtaining appropriate relief for Defendants' violations of consumer rights under statutes and common law. The following questions of law and fact common to the Class predominate over any individualized

- (1) whether the Class member purchased and/or used one or more of Defendants' laminate flooring products labeled as CARB Phase 2 compliant in California during the Class Period; (2) whether the products Plaintiff and Class members purchased and/or used failed to comply with CARB standards for formaldehyde emissions; (3) the harm Plaintiff and Class members suffered thereby; and (4) the measure of damages and injunctive relief that are deemed appropriate.
- 55. Plaintiff is unaware of any difficulties that are likely to be encountered in the management of this action that would preclude its maintenance as a class action.
- 56. The nature of notice to the proposed Class is contemplated to be by direct mail and/or email upon certification of the Class or, if such notice is not practicable, by the best notice practicable under the circumstance including, *inter alia*, publication in major newspapers and/or on the internet.
- 57. The delayed discovery doctrine applies to toll the claims of Class members. Under the delayed discovery doctrine, the time for bringing these claims does not begin to run until a plaintiff discovers or should have discovered the injury. Thus, the limitations period for claims of Class members does not begin to run until at least March 1, 2015, the date the CBS 60 Minutes program regarding Defendants' laminate flooring products aired on television and ensuing news reports started to circulate. In addition to the tolling afforded the Class by the delayed discovery rule, the time period is also tolled by the filing of this putative class action.

COUNT ONE

VIOLATION OF CALIFORNIA UNFAIR COMPETITION LAW (Cal. Bus. & Prof. Code § 17200 et seq.)

- 58. Plaintiff realleges and incorporates herein by this reference all of the foregoing paragraphs, above, as though set forth in full herein.
 - 59. Plaintiff brings this claim on behalf of himself and the Class.
 - 60. California Business and Professions Code section 17200 et seq.

5

8

9

14 15

16

13

17 18

20

21

19

22 23

24 25

26

27 28 ("UCL") prohibits any "unlawful, unfair, or fraudulent business act or practices."

- 61. Defendants have engaged in unlawful, unfair, and fraudulent business acts and practices in violation of consumer rights under the UCL, as alleged herein. During the Class Period, Defendants misrepresented in its labeling of the laminate flooring products to Plaintiff and Class members that the products were CARB compliant. These representations were false and misleading because the products were not CARB compliant, and in fact, were emitting unsafe and illegal levels of formaldehyde.
- 62. Defendants have violated the fraudulent prong of California Business and Professions Code section 17200 et seg. because Defendants' misrepresentations and omissions regarding compliance with CARB standards of Defendants' products were likely to deceive a reasonable consumer, and the information would be material to a reasonable consumer.
- Defendants have violated the unfair prong of California Business and 63. Professions Code section 17200 et seq. because Defendants' policies and practices as set forth above offend established public policy and because the harm they cause to consumers greatly outweighs any benefits associated with those practices. Defendants' conduct as alleged herein also impaired competition within the flooring laminate flooring industry. Defendants' conduct also prevented Plaintiff from making fully informed decisions about whether to purchase and/or use laminate flooring products from other manufacturers and distributors, purchase and/or use less expensive product, or purchase and/or use the products at all.
- Defendants have violated the unlawful prong of California Business and Professions Code section 17200 et seq. because Defendants' policies and practices described above violate California laws, including but not limited to: (1) California's False Advertising Law; (2) California's Consumers Legal Remedies Act; (3) Title 17 of the California Code of Regulations, Sections §§ 93000 and 93001; (3) California's Health and Safety Code provisions alleged herein; (4)

California's Commercial Code provisions alleged herein; and the Magnuson-Moss Warranty Act as alleged herein. Plaintiff reserves the right to allege other violations of law, which constitute other unlawful business acts or practices. Such conduct is ongoing and continues to this date.

- 65. Plaintiff has standing under the UCL because he suffered injury in fact, including losing money or property, as a result of Defendants' unfair, unlawful and/or deceptive practices.
- 66. All of the wrongful conduct alleged herein occurred, and continues to occur, in the conduct of Defendants' business. Defendants' wrongful conduct is part of a pattern or generalized conduct that is still perpetuated and repeated in California and nationwide.
- 67. Plaintiff requests this Court enter such orders or judgments to enjoin Defendants from continuing their unfair, unlawful, and/or deceptive practices and to restore to Plaintiff and members of the Class any money Defendants acquired by unfair competition, as provided in California Business and Professions Code section 17203, and for such other relief set forth below.

COUNT TWO

<u>VIOLATION OF THE CALIFORNIA FALSE ADVERTISING LAW</u> (Cal. Bus. & Prof. Code § 17500 et seq.)

- 68. Plaintiff realleges and incorporates herein by this reference all of the foregoing paragraphs, above, as though set forth in full herein.
- 69. Plaintiff brings this count against all Defendants on behalf of himself and the Class.
- 70. California Business and Professions Code section 17500 states: "It is unlawful for any ... corporation ... with intent directly or indirectly to dispose of real or personal property ... to induce the public to enter into any obligation relating thereto, to make or disseminate or cause to be made or disseminated ...from this state before the public in any state, in any newspaper or other publication, or any

advertising device, ... or in any other manner or means whatever, including over the Internet, any statement ... which is untrue or misleading, and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading."

- 71. Defendants caused to be made or disseminated through California and the United States, through product labeling and advertising, statements and omissions that were untrue or misleading with respect to compliance with health and safety standards, including the ACTM, and which were known, or which by exercising reasonable care should have been known, to Defendants to be untrue and misleading to Plaintiff and Class members.
- 72. Defendants have violated California Business and Professions Code section 17500 because the misrepresentations and omissions made by Defendants on product labeling of their laminate flooring products for CARB compliance were material and likely to deceive a reasonable consumer.
- 73. Plaintiff has standing because, as set forth above, he suffered injury in fact, including losing money or property, as a result of Defendants' false advertising.
- 74. All of the wrongful conduct alleged herein occurred, and continues to occur, in the conduct of Defendants' business. Defendants' wrongful conduct is part of a pattern or generalized conduct that is still perpetuated and repeated, both in California and nationwide.
- 75. Plaintiff requests this Court enter such orders or judgments as may be necessary to enjoin Defendants from continuing their false advertising and to restore to Plaintiff and members of the Class any monies Defendants acquired by such acts, and for such other relief set forth below.

3

<u>COUNT THREE</u>

(Cal. Civ. Code § 1750 et seq.)

VIOLATION OF CALIFORNIA CONSUMERS LEGAL REMEDIES ACT

4 5 76. Plaintiff realleges and incorporates herein by this reference all of the foregoing paragraphs, above, as though set forth in full herein.

6 7

and the Class.

8

78.

9

10

11

1213

14

15

16

17 18

19

2021

2324

22

25

2627

28

77. Plaintiff brings this count against all Defendants on behalf of himself the Class.

78. Defendants are "persons" under California Civil Code section 1761(c).

- 79. Plaintiff and Class members are "consumers," as defined by California Civil Code section 1761(d), who purchased Defendants' laminate flooring products that were marketed, distributed and/or sold by Defendants in California, which are considered "goods" within the meaning of the Consumers Legal Remedies Act ("CLRA"), California Civil Code sections 1750 *et seq*.
- 80. Defendants engaged in both unfair and deceptive acts or practices that violated the CLRA as described in this Complaint.
- 81. Defendants engaged in deceptive business practices prohibited by the CLRA by: (1) representing their laminate flooring products have characteristics, uses, benefits, and qualities which they do not have; (2) representing these products are of a particular standard, quality, and grade when they are not; and (3) advertising these products through product labeling with the intent not to sell them as advertised.
- 82. Defendants violated the CLRA by misrepresenting material facts on the product labeling, as described above, when the representations were false and misleading.
- 83. A reasonable consumer would not have purchased or paid as much as for the products had Defendants disclosed the products were emitting formaldehyde in excess of the limits set forth by the ACTM on the product labeling because such information is material to a reasonable consumer.

- 84. Because of its violations of the CLRA detailed above, Defendants have caused and continue to cause actual damage to Plaintiff and the Class, and, if not stopped, Defendants will continue to cause such harm. Had Plaintiff and absent Class members known of the issues with Defendants' laminate flooring products, they would not have purchased or used these products and/or paid as much for them. Indeed, Plaintiff relied on Defendants' misrepresentations and would not have purchased or used Defendants' products had he known of these issues. As a direct and proximate result of Defendants' CLRA violations, Plaintiff and Class members have suffered damages, including losing money or property, as a result of Defendants' unfair, unlawful and/or deceptive practices.
- 85. On March 10, 2015, Plaintiff's counsel sent a letter to Defendants by certified mail, return receipt requested, that contained notice of Defendants' violations of the CLRA and a demand for relief from Defendants. A true and correct copy of the letter, without enclosure, is attached to this Complaint as Exhibit A, and incorporated herein by reference. If Defendants fail to rectify or agree to rectify the problems associated with the actions detailed above and give notice to all affected consumers within 30 days of the date of written notice pursuant to California Civil Code section 1782, Plaintiff will amend this Complaint to add claims for actual, punitive, and statutory damages, as appropriate.
- 86. Plaintiff and Class members also request this Court enter such orders or judgments as may be necessary to restore to any person any money acquired with such unfair business practices, and for such other relief, including attorneys' fees and costs, as provided in Civil Code section 1780 and the Prayer for Relief.
- 87. Plaintiff includes an affidavit with this Complaint that shows venue in this District is proper, to the extent such an affidavit is required by California Civil Code section 1780(d).

3

4 5

7

8

6

9 10

11

12 13

14

15

16

17

18 19

20 21

23

22

24 25

26 27

28

COUNT FOUR

VIOLATION OF MAGNUSON-MOSS WARRANTY ACT

(15 U.S.C. § 2301 et seq.)

- 88. Plaintiff realleges and incorporates herein by this reference all of the foregoing paragraphs, above, as though set forth in full herein.
- Plaintiff brings this count against all Defendants on behalf of himself 89. and the Class defined herein.
- 90. Plaintiffs and the Class members are "consumers" within the meaning of the Magnuson-Moss Warranty Act, 15 U.S.C. § 2301(3). They are persons entitled under applicable state law to enforce against the warrantor the obligations of its express and implied warranties. Each purchased and used Defendants' laminate flooring products for personal use, not for resale or distribution.
- 91. Defendants are "supplier(s)" and "warrantor(s)" within the meaning of 15 U.S.C. § 2301(4)-(5). Defendants market, distribute and sell Defendants' laminate flooring products manufactured by Defendants' suppliers in China to California consumers for use in their homes.
- 92. Defendants' flooring products constitute "flooring product(s)" within the meaning of 15 U.S.C. § 2301(1).
- Defendants' express warranties regarding the compliance of 93. Defendants' laminate flooring products manufactured in China by Defendants' suppliers, and marketed, distributed and/or sold in California, with CARB's formaldehyde emission standards, constitute a written warranty within the meaning of 15 U.S.C. 2301(6).
- 94. Defendants breached their warranties by marketing, distributing and/or selling Defendants' flooring products that emit unsafe and illegal levels of formaldehyde in violation of CARB's standards or by affirmatively representing CARB Phase 2 compliance without knowledge of the truth of such representation.
 - 95. Defendants breach of their warranties regarding the CARB compliance

of their laminate flooring products to Plaintiff and Class members deprived Plaintiff and Class members of the benefit of their bargains.

- 96. The amount in controversy of Plaintiff's individual claims exceeds \$25, and the amount in controversy of Plaintiff's and Class members' claims exceeds \$50,000 exclusive of interest and costs.
- 97. Defendants were notified of their breaches of written warranties and have failed to adequately cure those breaches.
- 98. As a direct and proximate result of Defendants' breaches of their written warranties to Plaintiff and Class members, Plaintiff and Class members sustained damages in amounts to be determined at the time of trial. In addition, pursuant to 15 U.S.C. § 2310(d)(2), Plaintiff and Class members are entitled to recover a sum equal to the aggregate amount of costs and expenses determined by the Court to have reasonably been incurred by Plaintiffs and Class members in connection with the commencement and prosecution of this action.

COUNT FIVE

BREACH OF EXPRESS WARRANTIES

- 99. Plaintiff realleges and incorporates herein by this reference all of the foregoing paragraphs, above, as though set forth in full herein.
- 100. Plaintiff brings this count against all Defendants on behalf of himself and the Class defined herein.
- 101. The Uniform Commercial Code § 2-313 provides that an affirmation of fact or promise made by the seller to the buyer that relates to the good and becomes part of the basis of the bargain creates an express warranty that the goods shall conform to the promise. California has adopted the provisions of the Uniform Commercial Code governing the express warranty of merchantibility. Cal. Com. Code § 2313.
- 102. Defendants' representations on their product labels, website and other marketing materials relating to the compliance of Defendants' laminate flooring

6

10 11

9

13 14

15

12

16 17

18 19

20 21 22

23

24

26

25

27 28 products with CARB standards for formaldehyde emissions created express written warranties that the products would conform to their representations.

- 103. Defendants' representations regarding such compliance with safety standards became part of the basis of the bargain, creating express written warranties that the Defendants' laminate flooring products purchased and used by Plaintiff and Class members would conform to Defendants' descriptions. However, Defendants' products did not conform to these express representations because the Defendants' laminate flooring products described above were not compliant with CARB's formaldehyde emission standards.
- 104. At the time the Defendants marketed, distributed and/or sold their laminate flooring products to California consumers, Defendants knew the purpose for which the flooring was intended and expressly warranted that their products were safe and fit for use. Plaintiff and Class members relied on the Defendants' representations and their knowledge and judgment to market, distribute, and/or sell products that were safe and fit for use.
- 105. Defendants breached their express warranties in connection with the marketing, distribution and/or sale of Defendants' laminate flooring products to Plaintiff and Class members.
- 106. As a direct and proximate result of these actions, Plaintiff and Class members have suffered damages because the value of the products purchased were less than the value warranted by Defendants and because Plaintiff and Class members were exposed to unsafe and illegal levels of formaldehyde emissions, thereby increasing the risk of serious health problems and reasonably certain need for medical monitoring to ensure early detection of any serious health problems resulting from the Plaintiffs' toxic exposure.

COUNT SIX

NEGLIGENT MISREPRESENTATION

107. Plaintiff realleges and incorporates herein by this reference all of the

foregoing paragraphs, above, as though set forth in full herein.

- 108. Plaintiff brings this count against all Defendants on behalf of himself and the Class defined herein.
- 109. Defendants made representations to Plaintiff and Class members concerning Defendants' compliance with California regulations governing the emission levels of formaldehyde from their laminate flooring products that were not true.
- 110. Defendants had no reasonable grounds for believing these representations were true when they made them, yet they intended that Plaintiff and Class members rely on these representations.
- 111. Plaintiff and Class members reasonably relied on Defendants' representations, and were harmed as a result.
- 112. These activities by Defendants, as afore-described in this Complaint, legally caused actual damages to Plaintiff and Class members. As a result of such injuries, Plaintiff and Class members have suffered economic damages according to proof at trial.
- 113. Based on the foregoing, Plaintiff and Class members suffered economic damages as a result of the Defendants' conduct. Plaintiff and Class members are entitled to, and do herein pray for, their damages, according to proof at trial.

VI. PRAYER FOR RELIEF

WHEREFORE, Plaintiff, individually and on behalf of all others similarly situated, respectfully requests and prays that the Court determine that this action may be maintained as a class action and further prays that the Court enter judgment in his favor and against the Defendants, as follows:

- 1. Certify the Class in a manner consistent with discovery and other proceedings and developments relating to Class certification;
 - 2. Appoint Plaintiff as Class Representative;
 - 3. Appoint undersigned counsel as Class Counsel;

REQUEST FOR JURY TRIAL Plaintiff, individually and on behalf of a class of all others similarly situated ("Plaintiff"), by and through his undersigned counsel of record, hereby respectfully requests a jury trial on all issues and counts so triable. DATED: March 10, 2015 Respectfully submitted, **BOUCHER LLP** By: /s/ Raymond P. Boucher RAYMOND P. BOUCHER SHEHNAZ M. BHUJWALA Attorneys for Plaintiff John Flanagan

00027895.1