

promulgated in the Toxic Substances Control Act (the “Toxic Flooring Subclass”).

II. The Parties

3. Plaintiffs Brett Watson and Lindsay Watson are residents of South Carolina who purchased from a Lumber Liquidators outlet in South Carolina approximately 800 square feet of 8 mm Dream Home Nirvana Royal Mahogany wood veneer, or wood laminate, flooring manufactured in China that contains toxic levels of formaldehyde, a known carcinogen. They did not learn that the representations Lumber Liquidators made regarding the formaldehyde compliance of its product may have been false until March 2015 and after their purchase.

4. Plaintiffs Fredrick Wilkins and Tania Wilkins are residents of South Carolina who purchased from a Lumber Liquidators outlet in South Carolina approximately several hundred square feet of wood veneer, or wood laminate, flooring. They did not learn that the representations Lumber Liquidators made regarding the formaldehyde compliance of its products may have been false until March 2015 and after their purchase.

5. Plaintiff Richard O'Connor is a resident of New York who purchased from a Lumber Liquidators outlet in Virginia for his home in Virginia several hundred square feet of 12 mm Dream Home St. James Brazilian Koa wood veneer, or wood laminate, flooring manufactured in China that contains toxic levels of formaldehyde, a known carcinogen. He did not learn that the representations Lumber Liquidators made regarding the formaldehyde compliance of its products may have been false until March 2015 and after his purchase.

6. Defendant Lumber Liquidators, Inc. is a Delaware corporation with its principal place of business at 3000 John Deere Road, Toano, Virginia 23168. Lumber Liquidators Inc. is registered to do business in, and does business in, the State of South Carolina. Upon information

and belief, Lumber Liquidators, Inc. is a wholly owned subsidiary of Defendant Lumber Liquidators Holdings, Inc.

7. Defendant Lumber Liquidators Holdings, Inc. is a Delaware corporation with its principal place of business at 3000 John Deere Road, Toano, Virginia 23168.

8. Collectively, Defendants operate approximately 279 retail stores throughout the United States, including South Carolina.

III. Jurisdiction and Venue

9. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1332(d), because

- i. members of the Plaintiff Class are citizens of South Carolina and Defendants are, upon information and belief, citizens of Delaware, Virginia, or otherwise not citizens of South Carolina;
- ii. there are 100 or more class members; and
- iii. the aggregate amount in controversy will exceed \$5,000,000.

10. The Court has personal jurisdiction over Defendants because a substantial portion of the alleged wrongdoing occurred in South Carolina.

11. Venue is proper in the Columbia Division of the District of South Carolina pursuant to 28 U.S.C. § 1391 because a substantial part of the events or omissions giving rise to the claims at issue in this Complaint arose in this District and Division and Defendants are subject to the Court's personal jurisdiction with respect to this action.

IV. General Allegations

12. Each and every allegation contained in the preceding paragraphs is realleged and reasserted.

13. For at least the last six years, Defendants have manufactured, labeled and sold wood veneer, or wood laminate, flooring as being compliant with “CARB regulations in the State of California.” CARB is an acronym for California Air Resources Board, an entity which has promulgated safety standards for the emission of formaldehyde for products sold in California.

14. Defendants’ laminate wood flooring is not what it purports to be. Much of Defendants’ laminated floor wood contains a dangerous level of formaldehyde gas which exceeds the “CARB” regulations in the State of California” and the standards promulgated in the Toxic Substances Control Act, 15 U.S.C. 2601 et. seq. (Title VI- Formaldehyde Standards of Composite Wood Products) and is hazardous to human health.

15. Formaldehyde gas can cause cancer, asthma, chronic respiratory irritation and other ailments including skin and breathing problems. The risk of these health problems is significantly greater for children.

16. Formaldehyde is the sort of toxic substance to which people may be exposed without knowing they are at risk. Day after day, week after week, month after month, Plaintiffs, their children and others similarly situated lived in an enclosed place, where their flooring is emitting toxic cancer-causing fumes.

17. As such, the wood laminate flooring exceeding formaldehyde standards and sold to customers, including Plaintiffs and others similarly situated in the Toxic Flooring Subclass, poses great health risks.

18. Defendants’ marketing materials for their wood laminate flooring contain false and misleading information relating to compliance with California standards and designed to increase sales of the products at issue.

19. Defendants deceptively manufactured, labeled, and sold wood laminate flooring exceeding applicable formaldehyde standards; thus the flooring has no monetary value and is worthless.

20. In early 2015, 60 Minutes news conducted an independent investigation into Lumber Liquidators' Chinese-made flooring products and aired a special report. 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 and some were more than thirteen times the limit.

21. Given Defendants' deception and the publicity surrounding their deceit, Plaintiffs and others similarly situated in the Class who purchased wood laminate flooring face uncertainty regarding the safety of their flooring and face depreciation in the value of their homes and of their flooring.

22. Additionally, surrounding their deceit, Plaintiffs and others similarly situated in the Class who purchased wood laminate flooring have no way to know if their flooring might also exceed formaldehyde standards without thorough testing.

23. While Defendants have offered testing to certain customers, pulling samples for testing can result in damage to existing flooring and Defendants' deceptive behavior requires uniform testing by a company of the customers' choosing.

24. Plaintiffs and the Class have been damaged by Defendants' dangerous and deceptive wood laminate flooring. Plaintiffs and the Class are entitled to compensation for testing, damage done as a result of testing, depreciation, and other damages to be proven at trial. Plaintiffs and others

similarly situated in the Toxic Flooring Subclass are entitled to a return of the full purchase price and installation fees paid for the wood laminate flooring and other damages to be proven at trial.

V. Class Action Allegations

25. Each and every allegation contained in the preceding paragraphs is realleged and reasserted.

26. Pursuant to Rules 23(b) and (c) of the Federal Rules of Civil Procedure, Plaintiffs brings this action on their own behalf and on behalf of the proposed Class. Plaintiffs seek certification a Class that consists of the following:

- i. All residents of the United States and its territories who purchased from Defendants wood veneer, or wood laminate, flooring; and
- ii. A subset of all residents of the United States and its territories who purchased from Defendants wood veneer, or wood laminate, flooring in the United States and its territories that contains formaldehyde emissions that exceed the CARB California emissions standards, or that exceed the standards promulgated in the Toxic Substances Control Act (the “Toxic Flooring Subclass”).

27. Excluded from the Class and Toxic Flooring Subclass are:

- i. Defendants and any entities in which Defendants has a controlling interest;
- ii. Any entities in which Defendants’ officers, directors, or employees are employed and any of the legal representatives, heirs, successors or assigns of Defendants;
- iii. The Judge to whom this case is assigned and any member of the Judge’s immediate family; and
- iv. All persons or entities that properly execute and timely file a request for exclusion from the Class.

28. Plaintiffs and the Class assert the claims alleged in Causes of Action I, II, and III.

29. Plaintiffs Brett Watson, Lindsey Watson, Richard O’Connor, and the Toxic Flooring Subclass assert the claims alleged in Causes of Action I, II, III, IV and V.

30. Plaintiffs reserve the right to modify the Class and Subclass definitions after discovery and at any time up to and including trial.

31. The action satisfies the numerosity, commonality, typicality, adequacy, predominance, and superiority requirements of the Federal Rules of Civil Procedure Rule 23(a)(1-4) and (b)(1).

32. The Class and Subclass are each composed of at least thousands or tens of thousands of individuals who purchased wood laminate flooring. The identity of Class and Subclass members are readily ascertainable through Defendants' billing records. Class and Subclass members may be informed of the pendency of this Class action by a combination of direct mail and public notice, or other means.

33. The Class and Subclass are each so numerous that the individual joinder of all their members, in this or any action, is impracticable. The disposition of the numerous claims of the proposed Class and Subclass members through this class action will benefit both the parties and the Court.

34. There is a well-defined community of interest in the questions of law and fact involved affecting the members of the Class and Subclass.

35. The questions of law and fact common to the Class and Subclass predominate over questions affecting only individual Class and Subclass members, and include, but are not limited to, the following:

- i. Whether Defendants engaged in unlawful, unfair or deceptive business practices by failing to properly label its products it sold to consumers;
- ii. Whether the products at issue were mislabeled as a matter of law and violated California CARB emissions standards and Formaldehyde Standards of Composite Wood Products in the Toxic Substances Control Act, 15 U.S.C. 2601 et. seq.;

- iii. Whether Defendants made unlawful and misleading toxicity representations and warranties with respect to its products sold to consumers;
- iv. Whether Defendants breached its implied warranty of merchantability;
- v. Whether Defendants breached its express warranties;
- vi. Whether Defendants were negligent in its labeling and advertising of their wood laminate flooring;
- vii. Whether Defendants failed to warn customers about the dangers posed by its wood laminate flooring;
- viii. Whether Defendants unlawfully sold their wood laminate flooring in violation of the laws of South Carolina;
- ix. Whether Defendants unlawfully sold their wood laminate flooring in violation of the laws of Virginia;
- x. Whether Defendants' unlawful, unfair and deceptive practices harmed Plaintiffs and the Class;
- xi. Whether Plaintiffs and the Class have been damaged by the unlawful actions of the Defendants and the amount of damages to the Class;
- xii. Whether Defendants were unjustly enriched by its deceptive practices;
- xiii. Whether punitive damages should be awarded; and
- xiv. Whether Defendants should be enjoined from continuing the conduct complained of herein.

36. Plaintiffs' claims are typical of the claims of the members of the Class and Subclass because all Plaintiffs bought Defendants' wood laminate flooring, and Plaintiffs Brett Watson, Lindsey Watson, Fredrick Wilkins Tania Wilkins, and Richard O'Connor specifically bought Chinese-made flooring products. Plaintiffs are asserting the same rights, making the same claims, and seeking the same relief for themselves and for all other Class and Subclass members. Defendants' unlawful, unfair and/or fraudulent actions concern the same business practices described herein irrespective of where they occurred or were experienced. Plaintiffs and each Class

Member and/or Subclass member sustained similar injuries arising out of Defendants' conduct in violation of South Carolina law and/or Virginia law.

37. The injuries of each member of each Class and Subclass were caused directly by Defendants' wrongful conduct. The factual underpinning of Defendants' misconduct is common to all Class and Subclass members and represents a common thread of misconduct resulting in injury to all members of each Class and Subclass. Plaintiffs' claims arise from the same practices and course of conduct that give rise to the claims of each member of the Class or Subclass and are based on the same legal theories.

38. Plaintiffs are adequate representatives of the Class and Subclass because Plaintiffs are members of the Plaintiff Class and/or Subclass and Plaintiffs' interests do not conflict with the interests of the members of the Class and Subclass that Plaintiffs seek to represent. Plaintiffs are represented by experienced and able counsel who have litigated numerous class actions, and Plaintiffs' counsel intends to prosecute this action vigorously for the benefit of the entire Plaintiff Class and Subclass. Plaintiffs and Plaintiffs' counsel can fairly and adequately protect the interests of the members of the Plaintiff Class and Subclass

39. The class action is the best available method for the efficient adjudication of this litigation because individual litigation of the Plaintiff Class and Subclass claims would be impractical and individual litigation would be unduly burdensome to the courts. Individual litigation has the potential to result in inconsistent or contradictory judgments. A class action in this case presents fewer management problems and provides the benefits of single adjudication, economies of scale, and comprehensive supervision by a single court. As the damages suffered by individual members of the Class and Subclass may be relatively small, the expense and burden of individual litigation would make it difficult or impossible for individual members of the Class and/or Subclass

to redress the wrongs done to them, while an important public interest will be served by addressing the matter as a class action. Class treatment of common questions of law and fact would also be superior to multiple individual actions or piecemeal litigation in that class treatment will conserve the resources of the Court and the litigants, and will promote consistency and efficiency of adjudication.

V. Causes of Action

COUNT ONE (Negligence)

40. Each and every allegation contained in the preceding paragraphs is realleged and reasserted.

41. In making representations of fact to Plaintiffs and the other Class and Subclass members about their laminate wood flooring, Defendants failed to lawfully label or advertise their laminate wood flooring and violated their duties to disclose the material facts alleged above. Among the direct and proximate causes of said failure to disclose were the negligence and carelessness of Defendants.

42. Defendants owed Plaintiffs and the other Class and Subclass members a duty to use reasonable care in the making, marketing, labelling, and advertising their laminate wood flooring. That duty required Defendants to lawfully and accurately market, label, and advertise their laminate wood flooring, including but not limited to disclosing all material facts surrounding their laminate wood flooring. That duty also required Defendants to ensure that its laminate wood flooring did not adversely impact a customer's home and did not require future testing that could damage the flooring.

43. Defendants breached their duty of care to Plaintiffs and Class members by negligently, carelessly, recklessly, willfully, and/or intentionally making unfair, deceptive, and fraudulent claims about their laminate wood flooring.

44. Defendants breached their duty of care to Plaintiffs and the other Class and Subclass members by negligently, carelessly, recklessly, willfully, and/or intentionally omitting information about the formaldehyde emissions from their laminate wood flooring, particularly their Chinese-made laminate wood flooring.

45. Defendants' negligent, careless, reckless, willful, and/or intentional conduct as set forth above, was the proximate cause of damages sustained by Plaintiffs and the other Class and Subclass members because they would not have purchased the laminate wood flooring but for Defendants' negligent, careless, reckless, willful and/or intentional conduct. Plaintiffs' and the other Class and Subclass members' damages were reasonably foreseeable.

46. The reprehensible nature of Defendants' conduct entitles Plaintiffs and the other Class and Subclass members to an award of compensatory and punitive damages.

COUNT TWO (Unjust Enrichment)

47. Each and every allegation contained in the preceding paragraphs is realleged and reasserted.

48. In seeking to sell its laminate wood flooring to Plaintiffs and the other Class and Subclass members, Defendants made unfair, deceptive, and fraudulent representations and intentionally withheld material information about the safety of its Chinese-made laminate wood flooring.

49. Defendants have been unjustly enriched by reaping substantial profits from payments Plaintiffs and the other Class and Subclass members made for laminate wood flooring as

a result of Defendants' unfair, deceptive, and fraudulent marketing and sales scheme. Defendants' profits would have been reduced but for its wrongful and unlawful conduct. In equity and good conscience, it would be unjust and inequitable to permit Defendants to retain the benefit it obtained from Plaintiffs' and the other Class and Subclass members' expenditures on laminate wood flooring as a result of Defendant's wrongful and unlawful conduct.

COUNT THREE
(Breach of Implied Warranty of Merchantability)

50. Each and every allegation contained in the preceding paragraphs is realleged and reasserted.

51. Defendants sold the Chinese-made laminate wood flooring, which Defendants knew or should have known was not of average quality within the description, was not fit for its ordinary purpose, was not adequately labeled, and was unlawful for sale pursuant to The Toxic Substance Control Act, 15 U.S.C, 2601, et. seq.

52. Defendants further sold other laminate wood flooring that was not fit for its ordinary purpose and was not adequately labeled as it knew or should have known its value would be diminished and further testing would be required because their Chinese-made laminate wood flooring exceeded formaldehyde emissions standards.

53. Plaintiffs and the other Class and Subclass members suffered damages as described herein as a specific result of Defendants' breaches.

54. By way of its own internal testing and complaints from consumers, Defendants had notice of the formaldehyde emissions from their Chinese-made laminate wood flooring.

55. By reason of the foregoing and as described herein, Plaintiffs and the other Class and Subclass members were damaged in numerous ways.

COUNT FOUR
(Failure to Warn)

56. Each and every allegation contained in the preceding paragraphs is realleged and reasserted.

57. Defendants knew or had reason to know that their Chinese-made laminate wood flooring was, or was likely to be, dangerous for its intended use. By way of its own internal testing and complaints from consumers, Defendants had notice that their Chinese-made laminate wood flooring was emitting toxic cancer-causing formaldehyde emissions.

58. Because Defendants' specifically marketed their Chinese-made laminate wood flooring as compliant with formaldehyde emission' standards, Defendants had no reason to believe the Plaintiff Toxic Flooring Subclass Members would realize the potential dangers of their product.

59. In spite of internal testing and customer complaints, Defendants never informed the Plaintiff Toxic Flooring Subclass Members that their Chinese-made laminate wood flooring was not compliant with formaldehyde emission' standards.

60. Defendants therefore failed to exercise reasonable care to inform the Plaintiff Toxic Flooring Subclass Members of the Chinese-made laminate wood flooring's dangerous condition or of the facts which made it likely to be dangerous.

61. Defendants' negligent, careless, reckless, willful, and/or intentional conduct as set forth above, was the proximate cause of damages sustained by the Plaintiff Toxic Flooring Subclass Members because they would not have purchased the laminate wood flooring but for Defendants' negligent, careless, reckless, willful and/or intentional conduct. The Plaintiff Toxic Flooring Subclass Members' damages were reasonably foreseeable.

62. The reprehensible nature of Defendants' conduct entitles The Plaintiff Toxic Flooring Subclass Members to an award of compensatory and punitive damages.

COUNT FIVE
(Breach of Express Warranty)

63. Each and every allegation contained in the preceding paragraphs is realleged and reasserted.

64. Defendants' representations of fact and/or promises on the labels relating to their Chinese-made laminate wood flooring created express written warranties that the product would conform to Defendants' representation of fact and/or promises.

65. The Defendants' description on the labeling of their Chinese-made laminate wood flooring that it complied with CARB and California emissions regulations became part of the basis of the bargain, creating express written warranties that the product purchased by the Plaintiff Toxic Flooring Subclass Members would conform to Defendants' description and specification. The Chinese-made laminate wood flooring did not so conform.

66. Defendants provided warranties that its Chinese-made laminate wood flooring was labeled in compliance with state law and were not mislabeled under state law. Defendants breached these express written warranties.

67. As a result of the foregoing, the Plaintiff Toxic Flooring Subclass Members have suffered numerous damages, including that the value of the product they purchased was less than warranted by Defendants.

68. Defendants engaged in a scheme of offering the Chinese-made laminate wood flooring for sale to the Plaintiff Toxic Flooring Subclass Members by way of, inter alia, false and misleading product packaging and labeling. The Plaintiff Toxic Flooring Subclass Members were the intended beneficiaries of such representations and warranties.

VI. Prayer for Relief

WHEREFORE, Plaintiffs, individually and on behalf of all other similarly situated persons, prays for judgment against Defendants as follows:

- a) An order certifying this action to be a proper class action pursuant to Federal Rule of Civil Procedure 23, establishing an appropriate Class and any Subclasses the Court deems appropriate, and finding that Plaintiffs are proper representative of the Class and Subclass;
- b) Actual and/or compensatory damages and/or an award equal to the amount by which the Defendants have been unjustly enriched;
- c) An order awarding pre-judgment and post-judgment interest;
- d) The costs of this proceeding and attorneys' fees
- e) Punitive damages. in an appropriate amount;
- f) An order permanently enjoining Defendants from continuing their unfair and/or deceptive conduct; and
- g) Any further compensatory, injunctive, equitable or declaratory relief including refunds as may be just and proper.

This 18th day of March 2015.

[Signature on following page.]

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