

FOR IMMEDIATE RELEASE

July 23, 2014

CONTACT

Bill Walker, (510) 759-9911

Denny Larson, Executive Director, (415) 845-4705

Michael Lozeau, Esq., Lozeau Drury LLP, (510) 836-4200

Tests show flooring from Lumber Liquidators contains hazardous levels of formaldehyde

Products from Chinese factories emit toxic gas in excess of 100 times CA standards

OAKLAND, Calif., July 23 – In the latest environmental black eye for Lumber Liquidators, independent lab tests show that Chinese-made flooring sold by the chain emits formaldehyde at levels far above the level requiring cancer warnings under California law, according to a lawsuit filed today by Global Community Monitor.

Lumber Liquidators ([NYSE:LL](#)), claims on its [HYPERLINK "http://www.lumberliquidators.com/ll/flooring/quality?WT.ad=GLOBAL_FOOTER_Responsibility"](http://www.lumberliquidators.com/ll/flooring/quality?WT.ad=GLOBAL_FOOTER_Responsibility) [website](#) that all of its flooring comes from mills certified as compliant with California's standards for formaldehyde. Plaintiffs conducted more than 50 tests of Lumber Liquidators' Chinese-made laminate flooring, using a variety of different testing methods and sample batches. Test results showed average initial formaldehyde exposures over 100 times above the amount allowed to be sold without a warning label under Proposition 65, California's main toxics law.

Formaldehyde is a common ingredient in the glue used in laminate flooring and other pressed-wood products, including those sold by Lumber Liquidators. During and after installation it is released as a gas that causes burning eyes, nose and throat irritation, coughing, headaches, dizziness, joint pain and nausea. At long-term exposure, formaldehyde is listed as a known cause of cancer in humans by both the federal government and the State of California.

Proposition 65 requires products containing chemicals that cause cancer to carry a warning label if the levels exceed the so-called "safe harbor" level. But none of the Lumber Liquidators samples tested had a warning label on the box, none of the stores where samples were purchased had a Proposition 65 warning, and no warnings were provided at the time of purchase over the internet.

"The levels of formaldehyde our tests found in Lumber Liquidators' laminate flooring are astounding and alarming," said Denny Larson, executive director of [HYPERLINK "http://www.globalcommunitymonitor.org"](http://www.globalcommunitymonitor.org) [Global Community Monitor](#). "It's unconscionable that Lumber Liquidators would sell this product to customers to install in their homes without informing families of the potential health risks involved, especially since they make a point of bragging about how environmentally safe it is."

The Proposition 65 complaint, filed today in state superior court in Oakland, says: "Without exception, the Lumber Liquidators products produced in China that Plaintiffs tested emitted formaldehyde at far higher rates than those manufactured in Europe or North America – on

average, Chinese products emitted at 350% the rate of European/North American products.“

The lawsuit is the latest in a series of international environmental scandals concerning Lumber Liquidators. Last September, U.S. authorities raided Lumber Liquidators' headquarters in Toano, Va., and [HYPERLINK "http://money.cnn.com/2013/09/27/news/lumber-liquidators-raid/index.html"](http://money.cnn.com/2013/09/27/news/lumber-liquidators-raid/index.html) [seized company records](#) to investigate possible violations of the [HYPERLINK "http://www.fws.gov/international/laws-treaties-agreements/us-conservation-laws/"](http://www.fws.gov/international/laws-treaties-agreements/us-conservation-laws/) [Lacey Act](#), which prohibits the import of illegally harvested hardwood. A month later, the nonprofit [HYPERLINK "http://eia-global.org/news-media/liquidating-the-forests"](http://eia-global.org/news-media/liquidating-the-forests) [Environmental Investigation Agency](#) charged that Lumber Liquidators sells timber illegally logged from forests in the Russian Far East. Two months ago, [HYPERLINK "http://www.greenpeace.org/usa/en/campaigns/forests/Our-current-projects/amazon-rainforest/Logging-The-Amazons-Silent-Crisis-/"](http://www.greenpeace.org/usa/en/campaigns/forests/Our-current-projects/amazon-rainforest/Logging-The-Amazons-Silent-Crisis/) [Greenpeace](#) linked Lumber Liquidators to illegal logging in the Amazon.

Lumber Liquidators' formaldehyde problem came to light a year ago by an article on the blog [HYPERLINK "http://seekingalpha.com/"](http://seekingalpha.com/) [Seeking Alpha](#) by an investor named Xuhua Zhou, who conducted his own [HYPERLINK "file:///C:/Users/Richard/Downloads/http%2E2%2588%25AB%25C3%2598%25C3%2598seekingalpha%25C3%2586com%25C3%2598article%25C3%25981513142%25E2%2589%25A0illegal%25E2%2589%25A0products%25E2%2589%25A0could%25E2%2589%25A0spell%25E2%2589%25A0big%25E2%2589%25A0trouble%25E2%2589%25A0at%25E2%2589%25A0lumber%25E2%2589%25A0liquidators"](file:///C:/Users/Richard/Downloads/http%2E2%2588%25AB%25C3%2598%25C3%2598seekingalpha%25C3%2586com%25C3%2598article%25C3%25981513142%25E2%2589%25A0illegal%25E2%2589%25A0products%25E2%2589%25A0could%25E2%2589%25A0spell%25E2%2589%25A0big%25E2%2589%25A0trouble%25E2%2589%25A0at%25E2%2589%25A0lumber%25E2%2589%25A0liquidators) [tests](#) in which one sample of Lumber Liquidators engineered wood flooring tested at three and a half times the level allowed under California Air Resources Board (CARB) standards. Global Community Monitor is joined in the lawsuit by Sunshine Park, a firm affiliated with private investment companies that have substantial short financial exposure to Lumber Liquidators. Sunshine Park and its affiliates financed the extensive testing and have conducted substantial on-the-ground investigation regarding Chinese laminate flooring production.

Xuhua Zhou [HYPERLINK "https://app.box.com/s/sersbbp92neqpdfusy7e"](https://app.box.com/s/sersbbp92neqpdfusy7e) [wrote to CARB about his findings](#) a year ago but the agency apparently took no enforcement action. Proposition 65 allows citizens to bring suit to enforce the law. Under its provisions, Lumber Liquidators could be hit with penalties of \$2,500 a day for every box of laminate flooring sold in California – a figure that could reach tens of billions of dollars.

Michael Lozeau of Lozeau Drury LLP, an Oakland-based law firm representing Global Community Monitor and Sunshine Park, said: “Lumber Liquidators boasts ‘big savings on flooring.’ But Lumber Liquidators’ low prices appear to be due in part to its business practice of selling inexpensive, largely Chinese-sourced products that violate California formaldehyde standards without proper labeling.”

With 344 stores in 46 states and Canada, Lumber Liquidators had sales of more than \$1 billion in 2013. Its stock has plummeted in recent weeks, a drop the company [HYPERLINK "http://seekingalpha.com/pr/10430075-lumber-liquidators-provides-second-quarter-2014-business-update-and-revises-outlook-for-full-year-2014"](http://seekingalpha.com/pr/10430075-lumber-liquidators-provides-second-quarter-2014-business-update-and-revises-outlook-for-full-year-2014) [attributed](#) in part to “Certain mills (experiencing production delays . . . as we continued to enhance our quality assurance requirements.” That may mean the company is looking into the problem with Chinese mills, but it continues to sell laminate flooring products with high levels of formaldehyde.

###

Global Community Monitor is a nonprofit environmental health and justice organization empowering communities to prevent their exposure to toxic chemicals and promote healthy outcomes for all.