

LEGAL UPDATES

PUBLISHED: MARCH 3, 2015

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Formaldehyde Issues Regarding Wood Products Put Companies at Risk

On Sunday, March 1, 2015, CBS newsmagazine “60 Minutes” ran a lengthy piece reported by Anderson Cooper regarding accusations that Lumber Liquidators imported laminated flooring products that did not meet the standards set by the California Air Resources Board (CARB) for levels of formaldehyde. The focus of the story was on Lumber Liquidators, but the issue is likely to affect almost every importer of flooring and other wood products from China.

During the segment, Cooper referenced various lawsuits that are pending against Lumber Liquidators alleging that the company failed to meet CARB standards in California for formaldehyde. Cooper interviewed the CEO of Lumber Liquidators, Robert Lynch. Lynch said the company has a good system in place and checks carefully to make sure that CARB standards are met.

After making this statement, Lynch was shown a video interview of the plant manager of a Chinese plant that manufactures products for Lumber Liquidators. In the video, the plant manager plainly states that the flooring did not meet CARB standards. The journalist narrating the video adds that visits made to two other plants that manufacture flooring for the company revealed that the company’s flooring failed to meet the standards.

60 Minutes visited several Lumber Liquidators stores, purchased laminated flooring, and had it tested. None of the flooring products passed the CARB test, and some had much higher levels of formaldehyde than allowed by California. Following the market opening on Monday, March 2, trading in Lumber Liquidators stock was suspended after the price per share dropped more than 20 percent in early trading.

What This Means to You

Attorneys from Husch Blackwell have been addressing international trade issues involving flooring and other wood products from China over the past several years and as a result have developed substantial knowledge of these and related issues. In our view, the recent story on 60 Minutes may well result in three further developments. First, the plaintiffs' lawyers may begin to investigate whether there are possible claims against companies other than Lumber Liquidators, including importers, retailers, or even builders. The actions could be brought under various tort theories as well as consumer protection statutes. Second, we expect that there may be actions taken by CARB in the state of California as a result of the story, which could include enhanced inspections and inquiries. Third, because the federal standards are being modified to mirror those of CARB, we may ultimately see action at the federal level that will affect imports.

We recommend that each company that is potentially affected assess its situation with counsel and review its options regarding wood products from China that may be affected.

Contact Us

For more information, please contact Jeffrey Neeley at 202.378.2357 or your Husch Blackwell attorney.