

# CPSC Compliance Overview

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This presentation has not been reviewed or approved by the Commission and may not reflect its views



# The Commission

- CPSC is an independent agency created by the Consumer Product Safety Act
- The three Commissioners are appointed by the President for multi-year terms and must be confirmed by the Senate
- The President appoints the Chairman, who acts as Principal Executive Officer



# Office of Compliance and Field Operations

- The Office of Compliance enforces mandatory standards and reporting requirements, subject to the Commission's direction
- The Office of Compliance, through the Field Investigations Branch, investigates product hazards and makes preliminary determinations
- Almost all recalls conducted by CPSC are voluntary, negotiated by Compliance staff



# Compliance/Field Investigations

John Mullan, Assistant Executive Director

Marc Schoem, Deputy Director

Carol Cave  
Director, Field Investigations

Bruce Schwartz  
Deputy Director

Denise Beatty  
Director, State and Local

# Regions

## Eastern

Eric Ault, Regional Director  
Beverly Kohen-Fried,  
Deputy

## Western

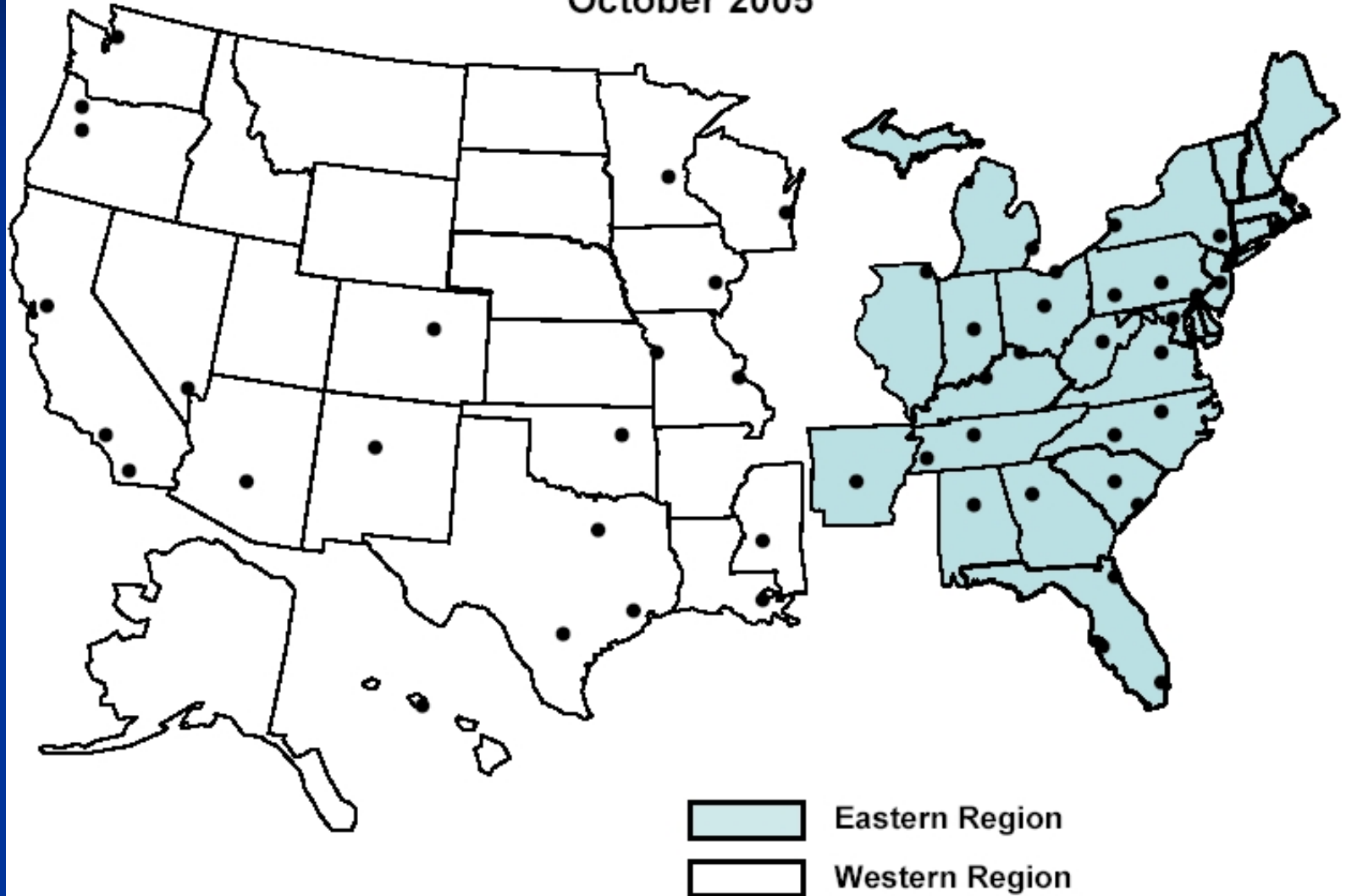
Frank Nava, Regional  
Director  
Dennis Blasius, Deputy  
(Detailed out to  
Compliance)

There are a total of 11 investigative teams consisting of a team leader and up to ten investigators strategically located throughout the country and supervised regionally.



# CPSC Field Offices

U.S. Consumer Product Safety Commission Field Locations  
October 2005



# What Does the CPSC Compliance Staff Enforce?

- The Commission can adopt **mandatory standards** or bans for products under the Consumer Product Safety Act and several other laws
- The Commission must follow lengthy procedures to adopt mandatory standards
- The Act encourages the Commission to work on **voluntary standards** as an alternative to mandatory standards



# Substantial Product Hazards

- A “substantial product hazard” arises when a product creates a substantial risk of injury to the public, either (1) because of a defect or (2) because of the failure to comply with a mandatory standard
- The Commission can make a “substantial product hazard” determination only after holding a trial-type hearing



# How Does CPSC Begin a Case in the Field

- Incident reports (hotline, internet, calls to local CPSC Investigators)
- Investigators contacted by local fire/police/EMS
- Customs/ATF/other federal agencies
- Medical Examiners Coroner Alert Project (MECAP)
- Death Certificates
- Trade complaints
- Media reports
- Insurance companies
- Programs developed by Headquarters



# How does the CPSC Investigation process work?

- Field investigation conducted
- Compliance initiates contact with the firm
- Epidemiology conducts data search
- Engineering performs testing (both failure mode testing and performance testing)
- Preliminary Determination Made (not Fast Track cases)
- Negotiate Recall
- Notification to Consumers



# On-Site Investigations

Investigations/ interviews done on-site and in person whenever possible.

Investigators examine and photograph scene, re-enact consumer/product interaction, and collect product for further examination at CPSC.

Nearly 5,000 Field Investigations are conducted yearly



# CPSC Investigators have a variety of tools available to further product investigations:

- On-site scene investigation
- Investigation letters
- Internet research
- Follow-up inspection of firm
- Subpoenas
- Seizure order
- Search warrants can be obtained



# Field Staff:

- Inspect manufacturers, importers, distributors and retailers
- Serve subpoenas, obtain affidavits
- Collect samples from firms for further evaluation by engineering staff
- In conjunction with U.S. Customs, conduct import surveillance at ports throughout U.S.



# What prompts a CPSC Firm Inspection?

- Follow-up to an in-depth investigation
- Possibly hazardous product was identified but responsible firm is not clear
- Manufacturer, importer or retailer of possibly defective product as identified and additional information is needed to determine whether substantial product hazard exists
- Ongoing voluntary and regulated product standards compliance monitoring



# Reporting Requirement

- Section 15(b) of the Consumer Product Safety Act requires manufacturers, distributors and retailers to report to CPSC “immediately” if they obtain information raising safety concerns about products they make or sell
- The reporting requirement applies to four types of safety concerns



# Four Types of Safety Concerns

- Product fails to comply with a mandatory safety standard or ban under the CPSA
- Product fails to comply with certain voluntary standards
- Product contains a defect which could create a “substantial product hazard”
- Product creates an “unreasonable risk”



# Product Hazard Reports

- Report is required if a firm obtains information which “reasonably supports the conclusion” that product “contains a defect which *could* create a substantial product hazard”
- The reporting requirement thus applies more broadly than the CPSC’s authority to order corrective actions



# The Role of Private Sector (“Voluntary”) Standards

- Products that do not comply with “voluntary” safety standards may be considered a “substantial product hazard” for that reason alone.
- CPSC regularly seeks corrective actions in cases involving products that fail to comply with voluntary standards.



# Violations

The Consumer Product Safety Act makes it unlawful to:

- Manufacture, distribute or import any product that does not comply with a mandatory standard; or
- Fail to report information as required by section 15(b)



# Penalties

- Any person who *knowingly* commits a violation is subject to a civil penalty of \$8,000 for each violation
- The maximum civil penalty for a related series of violations is capped at \$1,825,000
- Criminal penalties (including imprisonment) are also possible for *willful* violations



# What other action can CPSC take?

- **Work with industry to develop voluntary standards or issue mandatory safety standards**
- Ban products where a standard is not feasible
- Require the **recall** of dangerous or violative products
- Seize products that violate mandatory standards
- Seek civil and criminal penalties for Section 15 and 37 reporting requirements
- Educate consumers regarding the safe use of products

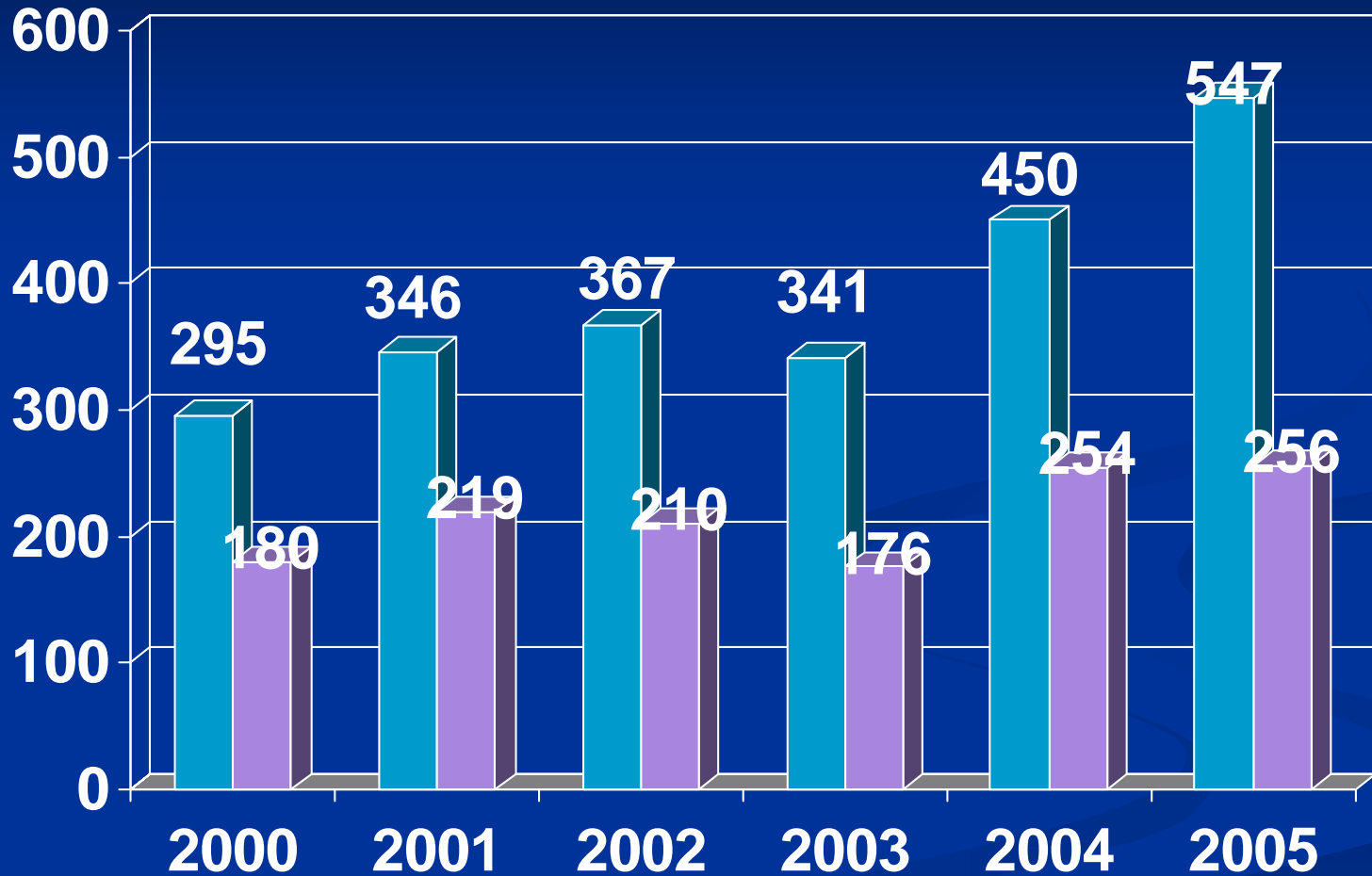


# Corrective Actions (“Recalls”)

- If the Commission makes a “substantial product hazard” determination, it may order the manufacturer, distributor or retailer to notify the public of the problem and/or to take corrective action
- The manufacturer, distributor or retailer may choose whether to offer a free repair, to replace the product at no charge or to refund the purchase price (less an allowance for use)



# Section 15 Reports by Fiscal Year



■ All ■ Fast Track

# Voluntary Recalls by Fiscal Year



# CPSC Civil Penalties by Fiscal Year in Millions



# CPSC activities save billions

## Some notable success stories:

- A 42% reduction in residential fire deaths from 4,560 in 1980 to 2,660 in 1998
- A 72% reduction in consumer-related electrocutions from 650 in 1975 to 180 in 2001
- A 36% reduction in consumer-related carbon monoxide deaths from 282 in 1980 to 180 in 1998.



- An 86% reduction in poisoning deaths of children younger than 5 years from drugs and household chemicals from 216 in 1972 to 31 in 2000.
- An 88% reduction in baby walker injuries from an estimated 25,700 child younger than 15 months treated in hospital E.R.s in 1992 to an estimated 3,200 such injuries in 2003
- A 92% reduction in crib-related deaths from an estimated 200 in 1973 to an average of 16 deaths for 1999-2001



➤ The CPSC is committed to protecting consumers and families from products that pose a fire, electrical, chemical, or mechanical hazard or can injure children.

➤ The CPSC's work to ensure the safety of consumer products - such as toys, cribs, power tools, cigarette lighters, and household chemicals - contributed significantly to the 30 percent decline in the rate of deaths and injuries associated with consumer products over the past 30 years.

