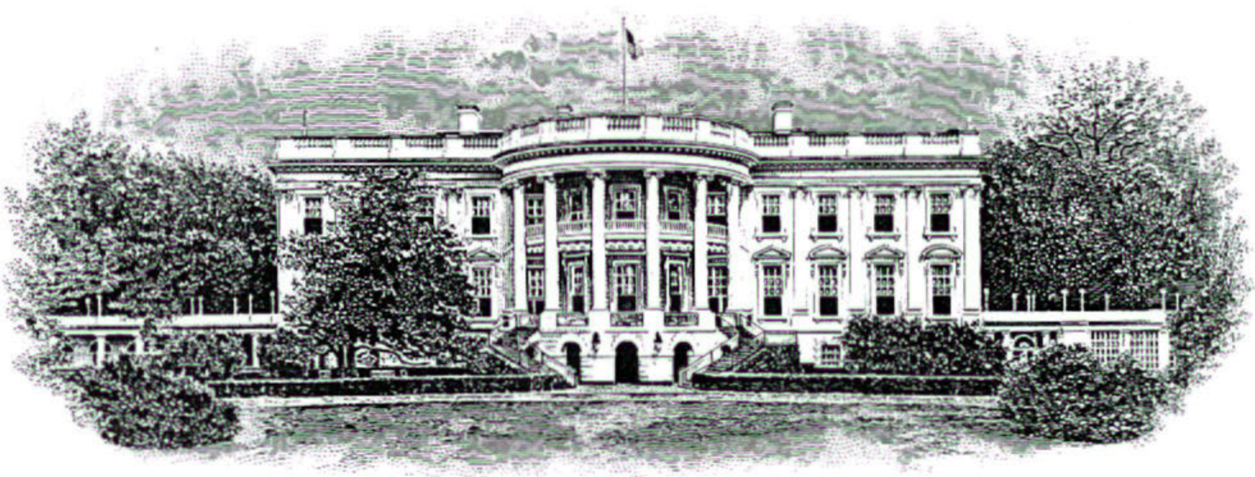
The White House



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CONTACT: LISSA MUSCATINE
ERIKA BATCHELLER
JENNIFER SMITH
202/456-2960

FIRST LADY HILLARY RODHAM CLINTON ANNOUNCES EFFORTS TO IMPROVE THE SAFETY OF CHILDREN'S PRODUCTS

May 12, 2000

First Lady Hillary Rodham Clinton today will announce new Administration efforts to improve the safety of consumer products, particularly those that may be harmful to children. The First Lady, joined by Ann Brown, chairman of the U.S. Consumer Product Safety Commission (CPSC), and a broad range of health professionals and consumer advocates, will unveil legislation to strengthen the penalty authority of the CPSC, and announce a public-private campaign to help the CPSC identify dangerous products.

This proposal is in response to recent reports of manufacturers repeatedly failing to warn the government promptly about defective products that have injured children, as required by consumer product safety laws. In the last five years alone, the CPSC has assessed penalties against 21 companies for failing to report serious defects. The products – including cribs, infant carriers, toys, and household products – caused hundreds of injuries, ranging from burns to fractures, and in some cases death. For example, the CPSC recently assessed a $400,000 penalty against a major manufacturer for failing to immediately report serious injuries caused by a defective handle lock on an infant carrier. The manufacturer received 9 complaints of injury – seven of which had resulted in skull fractures – before reporting the problem to the CPSC. Many of these injuries could have been avoided if hazards had been promptly reported to the CPSC.

STRENGTHENING CONSUMER PRODUCT SAFETY LAWS

The First Lady will highlight a legislative proposal, sent to Congress today by the President, that calls for tougher penalties against companies that fail to promptly report dangerous product defects. The bill also would take steps to make product recalls more effective. Specifically, the legislation would: 1) lift the overall cap on civil penalties assessed by the CPSC; 2) make criminal violations of consumer product safety laws a felony instead of a misdemeanor; and 3) give the CPSC the authority to overrule the recall remedy proposed by a company if it is not in the public interest.

Increased civil and criminal penalties will provide a stronger incentive for companies to promptly notify the CPSC of product flaws so the agency can take timely action to protect consumers. Tougher penalties also will be more commensurate with the impact of product safety violations, which can result in death or serious injury to children.

CAMPAIGN TO INCREASE REPORTING OF DANGEROUS PRODUCTS THAT HARM CHILDREN AND FAMILIES

The First Lady will also announce immediate efforts to protect the health and safety of children and families by increasing reporting of unsafe products to the CPSC. Unfortunately, in about half the cases involving the most significant hazards – where the product causes death or serious injury -- companies have not reported the problem to the CPSC. As a result, the agency relies heavily on consumer complaints to uncover information about dangerous defects.

The First Lady will launch a partnership between the CPSC and health care providers around the country to identify products that are harming consumers, especially children. A broad range of health care professionals – the American Academy of Family Physicians, the American Academy of Pediatrics, the American Medical Women's Association, the American Nurses Association, and the Emergency Nurses Association – will conduct a national campaign to encourage their member health providers to report injury-causing products to the CPSC. In addition, the National Safe Kids Campaign, an organization devoted to preventing childhood injuries, will activate its state and local coalition members to visit the places product recalls often don't reach – thrift shops, day care centers, schools, and hotels – to identify hazardous products still in use.

THE CLINTON ADMINISTRATION'S COMMITMENT TO CONSUMER PRODUCT SAFETY

The Clinton Administration has strongly supported the work of the CPSC and its mission to protect the health and safety of our nation's children and families. Since the President first took office in 1993, the CPSC's budget has increased 24 percent. In addition, the First Lady has had a longstanding interest in children's well being and has participated in several CPSC initiatives to improve the safety of children's products. In 1995, she helped launch the CPSC's "Baby Safety Showers" initiative, which educates expecting and new parents on baby safety. Last year, she kicked off a national campaign to alert parents and caregivers to safety hazards in child care settings.

"CONSUMER PRODUCT SAFETY COMMISSION ENHANCED ENFORCEMENT ACT OF 2000"

FACT SHEET

The President today transmitted to the Congress the "Consumer Product Safety Commission Enhanced Enforcement Act of 2000." The legislation would increase the civil and criminal penalties that the CPSC can impose upon firms that do not inform the Commission when they have sold a product that could pose a substantial hazard to consumers. The legislation would also help make some product recalls more effective.

Eliminate the cap on civil penalties for violations of product safety laws.

Under current law, the CPSC cannot assess more than $1,650,000 for a related series of violations against a company that knowingly violates consumer product safety laws. The legislation would eliminate this maximum civil penalty. Many of the cases in which the Commission seeks civil penalties involve very large corporations that can easily absorb a $1.65 million fine. More substantial civil penalties would provide a needed incentive for those companies to notify CPSC of defective products so that the agency can take timely action to protect consumers. Other agencies have civil penalty authority with no "cap" on the amount of the penalty for a related series of violations, including the Federal Trade Commission.

Increase the penalty for a "knowing and willful" criminal violation of product safety laws from a misdemeanor to a felony and eliminate the requirement that the agency give notice to the company that is criminally violating the law.

The legislation would increase the potential criminal penalties for a "knowing and willful" violation of consumer product safety laws from a misdemeanor (up to one year in prison) to a felony (up to three years in prison). It would also increase the maximum monetary criminal penalty in accordance with existing criminal laws. These heightened penalties are commensurate with the seriousness of product safety violations, which can result in death or serious injury to children and families. Other agencies have authority to seek substantial (felony) criminal penalties for knowing and willful violations of safety requirements, including the Food and Drug Administration for prescription drug marketing violations and the Department of Transportation for the transportation of hazardous materials.

The legislation would also eliminate the requirement that the Commission give notice of noncompliance before seeking a criminal penalty for a violation of the Consumer Product Safety Act. The notice requirement makes it all but impossible to pursue a criminal penalty for violations of the Act, even in the most serious cases. The threat of a criminal felony prosecution would create an additional strong incentive for companies to report product defects to the Commission.

Give CPSC the authority to overrule the remedy chosen by a manufacturer for fixing a defective product in a product recall when the Commission determines that an alternative would be in the public interest.

Under current law, a company with a defective product that is being recalled has the right to select the remedy to be offered to the public. The company can choose repair, replacement, or refund "less a reasonable allowance for use."

The legislation would continue to permit the company to select the remedy in a product recall. However, the legislation would allow the Commission to determine (after an opportunity for a hearing) that the remedy selected by the company is not in the public interest. The Commission may then order the company to carry out an alternative program that is in the public interest.

Sometimes companies choose a remedy in a recall that does not further public safety. For example, if a manufacturer chooses to refund "less a reasonable allowance for use" the purchase price of a product that has been on the market for a long time, the amount due consumers may be so small that there is no incentive for the consumer to take advantage of the recall. This is especially true where the hazardous product is still useful to the consumer and the cost of replacement is substantial. Companies may choose an insubstantial refund even though people have been at risk for a number of years, thousands of products are still in use, and injuries are continuing to occur. In this example, a refund would do little, if anything, to stop consumers from using the dangerous product and the public interest would not be served.

Statement of
U.S. Representative Edward J. Markey (D-MA)
Ranking Democrat, House Subcommittee on Telecommunications, Trade, and Consumer Protection
May 12, 2000
Proposals to Improve CPSC Enforcement Powers

I want to commend the Clinton-Gore Administration, and in particular First Lady Hillary Rodham Clinton, for spearheading efforts to improve consumer product safety and for the series of proposals outlined today.

The Consumer Product Safety Commission (CPSC) has a long history of safeguarding the public, and particularly children, from commercial products that cause harm or threaten safety. CPSC Chair Ann Brown has done an excellent job in leading this agency and protecting the public.

Increasingly, it has become apparent that many corporations have obtained knowledge that their products have caused serious injury to children and have not taken steps to contact owners of these products or informed the government.

How can consumers protect themselves from hazards if they are kept in the dark by a manufacturer? The answer is they can't. Failure to disclose safety problems has consequences because the delay in consumer notification has led in some instances to very serious injury.

I believe it is important to strengthen CPSC enforcement powers to combat this problem. Enhancing the CPSC's ability to order companies to effectively remedy defective products and recall such products from the marketplace is a timely proposal. I also believe that eliminating the cap on civil penalties for knowing violations of consumer product safety laws and increasing the penalties for criminal violations would help to deter companies in the future from concealing their knowledge of potentially lethal product flaws from consumers and regulators.

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WHITE HOUSE CHILD SAFETY EVENT
ROOSEVELT ROOM
MAY 12, 2000

SPEAKERS

First Lady Hillary Rodham Clinton

Ann Brown, chairman of the U.S. Consumer Product Safety Commission (CPSC)

Brittany Cipriotti, parent, Manassas, Virginia

Dr. Marilyn Bull, chairman of the American Academy of Pediatrics Committee on Injury and Poison Prevention

Rep. Lois Capps, D-Calif., chairman of the School Health Safety Caucus

News from CPSC

U.S. Consumer Product Safety Commission

Office of Information and Public Affairs Washington, D.C. 20207

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CPSC Contact: Russ Rader
(301) 504-0580 Ext. 1166

White House Proposes Legislation to Expand CPSC's Authority to Crack Down on Firms Not Reporting Dangerous Products

WASHINGTON, D.C. - First Lady Hillary Rodham Clinton joined U.S. Consumer Product Safety Commission (CPSC) Chairman Ann Brown today to announce legislation to help expand CPSC's authority to crack down on firms that are not reporting defective products to the agency. CPSC conducts 200 to 300 product recalls each year, yet half of the most serious product hazards are discovered by CPSC investigators – not reported by the companies as required by law.

The following proposals were announced today at a White House news conference:

- **Eliminate the $1.65 million cap on the maximum fine that CPSC can impose on a company that fails to report a serious product hazard.**

- **Increase the penalty for serious criminal violations of product safety laws from misdemeanors to felonies, and eliminate the requirement that the agency give prior notice to the company that is criminally violating the law.**

- **Give CPSC more authority over company remedies for product recalls.**

CPSC also is launching partnerships with the American Academy of Pediatrics, the American Academy of Family Physicians, the American Medical Women's Association, the American Nurses Association, the Emergency Nurses Association and other health care organizations to help find products that have the potential to cause death or serious injury, especially to children. This new product injury reporting network will provide even more sources of product injury data. CPSC currently collects information from a wide variety of sources, including hospital emergency rooms, fire investigators, news reports and coroners. The new network will expand its reach even further.

"Today, we're giving parents more confidence that the strollers, toys and other products they buy will help – not hurt – their children," said First Lady Hillary Rodham Clinton.

"The combination of this increased enforcement capability and higher civil and criminal penalties for not reporting would provide a strong deterrent against companies failing to notify CPSC about dangerous products," said CPSC Chairman Ann Brown.

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When companies ignore the law, dangerous products can stay on store shelves, putting consumers at risk. CPSC has to do its own detective work to find out about the problem products and seek recalls. Increasing CPSC's authority and expanding its product injury reporting network will mean that dangerous products are recalled faster. This will prevent injuries and save lives.

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Penalties for Failure to Report 1996-2000

Over the past 5 years, CPSC has fined 21 firms for failing to report nearly 360 injuries and four deaths associated with hazardous products.

Firm	Penalty	Hazard	Injuries (before report)
		2000	
Black & Decker toasters	$575,000	fire	73 fires/2 injuries
Baby's Dream cribs	$200,000	fingertip amputations	9 amputations/crushed fingers
Hasbro infant carriers	$400,000	skull fracture	8, 7 were skull fractures
Lancaster Col. candles	$150,000	fires and burns	142 flare ups, 20 burns, 55 property damage
		1999	
Carter Bros. go-karts	$125,000	death	1 death, 1 skull fracture
Shimano bicycle cranks	$150,000	fractures and lacerations	630 failures, 22 including fractures and lacerations
Central Sprinkler fire sprinklers	$1.3 million paid into a trust	burns	17 fires, 4 injuries
		1998	
Binky Griptight pacifiers	$150,000	suffocation	no injuries
Century Products cribs and strollers	$225,000 $166,000	suffocation impact injury	1 death 29 injuries
COA Inc.cribs	$300,000	suffocation	no injuries
Safety First bed rails	$175,000	suffocation	25 injuries
		1997	
Brinkmann smokers and fryers	$175,000	lacerations, fire	1 death, many lesser injuries
CSA Inc. exercisers	$100,000	impact injury	52 incidents, many injuries
Hartman hair dryers	$60,000	fire	no injuries
Nutone stereos	$110,000	fire	12 fires, no injuries
Toro riding mowers	$250,000	impact injury	31 incidents. some serious injuries
		1996	
JBI Inc. playground equipment	$225,000	protruding hardware	70 injuries including 40 fractures
Singer Sewing juicers	$120,000	flying parts	19 incidents, 10 injuries
National Media juicers	$150,000	flying parts	9 injuries
Taito America arcade games	$50,000	metal pad	70 injured/fractured wrists/arms
Cosco toddler bed guardrails	$725,000	strangulation	25 entrapments, 1 death