



**U.S. CONSUMER PRODUCT SAFETY COMMISSION
4330 EAST WEST HIGHWAY
BETHESDA, MD 20814**

**JOINT STATEMENT OF CHAIRMAN INEZ M. TENENBAUM AND COMMISSIONER ROBERT S. ADLER
ON THE VOTE TO APPROVE PROVISIONALLY A CIVIL PENALTY SETTLEMENT WITH KOLCRAFT**

March 12, 2013

On February 15, 2013, the Commission provisionally approved a civil penalty settlement agreement for \$400,000 with Kolcraft Enterprises, Inc. regarding CPSC staff allegations that Kolcraft knowingly failed to report a defect in its play yards that could create a substantial product hazard. We voted to approve the settlement upon the condition that Kolcraft agree to implement robust changes to its internal control and compliance systems.

In the past, we have written separately regarding our shared desire that when a civil penalty is warranted, the monetary amount is not only appropriate in the circumstance but is also sufficiently high to serve as a deterrent to others. Further, we believe a dollar amount alone at times is wholly insufficient to ensure those practices that led to the introduction of unsafe products onto the market will be corrected.

Toward that end, we believe this case presented the right facts to direct agency staff to incorporate into the settlement agreement certain specific provisions requiring the company to implement meaningful oversight and process changes into its manufacturing and reporting practices. In support of these changes, we note that in a roughly nine-year period Kolcraft received 350 reports of its play yards collapsing, resulting in a variety of injuries such as bumps, bruises, and a concussion. While we applaud Kolcraft's voluntary recall of one million play yards in July 2009, it still concerned us that since 1989 the company has conducted more than a dozen recalls ranging from portable cribs to strollers to infant car seats. Clearly, some further action was warranted.

The failure of a company to have an effective means of detecting and addressing serious or continuous safety issues with its products is contrary to the expectations of consumers and is unacceptable to this Commission. While we certainly understand that even the most responsible companies can make mistakes, the failure of a company to have in place an effective compliance program and internal controls is irresponsible.

Thus, going forward, we expect those companies that lack an effective compliance program and internal controls to voluntarily adopt them. If not, we will insist that they do so. Further, while they have some overlapping purposes, the penalty amounts and these provisions also serve vital distinct policy functions and thus need to be as independently robust as called for under the circumstances. Consumers deserve no less.