

**UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION**

In the Matter of:)	
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The Bon-Ton Stores, Inc.)	CPSC Docket No.: <u>13-C0002</u>
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SETTLEMENT AGREEMENT

1. In accordance with the Consumer Product Safety Act, 15 U.S.C. §§ 2051–2089 (CPSA) and 16 C.F.R. § 1118.20, The Bon-Ton Stores, Inc. (Bon-Ton) and staff of the U.S. Consumer Product Safety Commission (staff and Commission) hereby enter into this Settlement Agreement (Agreement). The Agreement and the incorporated attached Order resolve staff’s allegations set forth below.

THE PARTIES

2. Staff is the staff of the Commission, an independent federal regulatory agency established pursuant to, and responsible for, the enforcement of the CPSA, 15 U.S.C. §§ 2051–2089.

3. Bon-Ton is a corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, with its principal corporate office located in York, PA. Bon-Ton is a retailer, selling a wide selection of apparel, shoes, jewelry, fragrances, and accessories.

STAFF ALLEGATIONS

4. Between September 2006 and September 2009, Bon-Ton purchased from three U.S. importers and distributed in commerce, approximately 812 children’s upper outerwear

garments with drawstrings (Garments) to consumers. The Garments were sold at retail stores in the United States for between \$5 and \$100.

5. The Garments are “consumer products” and, at all relevant times, Bon-Ton was a “retailer” of these consumer products, which were “distributed in commerce,” as those terms are defined or used in sections 3(a)(5), (8), and (13) of the CPSA, 15 U.S.C. § 2052(a)(5), (8), and (13).

6. In February 1996, staff issued the *Guidelines for Drawstrings on Children’s Upper Outerwear* (Guidelines) to help prevent children from strangling or entangling on neck and waist drawstrings. The Guidelines state that drawstrings can cause, and have caused, injuries and deaths when they catch on items, such as playground equipment, bus doors, or cribs. In the Guidelines, staff recommends that there be no hood and neck drawstrings in children’s upper outerwear sized 2T to 12.

7. In June 1997, ASTM adopted a voluntary standard, ASTM F1816-97, which incorporated the Guidelines. The Guidelines state that firms should be aware of the hazards and should be sure garments they sell conform to the voluntary standard.

8. On May 19, 2006, the Commission posted on its website a letter from the Commission’s Director of the Office of Compliance directed to manufacturers, importers, and retailers of children’s upper outerwear. The letter urges them to make certain that all children’s upper outerwear sold in the United States complies with ASTM F1816-97. The letter states that staff considers children’s upper outerwear with drawstrings at the hood or neck area to be defective and to present a substantial risk of injury to young children under Federal Hazardous Substances Act (FHSA) section 15(c), 15 U.S.C. § 1274(c). The letter also notes the CPSA’s section 15(b) reporting requirements.

9. On December 7, 2007, the Deputy Director of the Commission's Office of Compliance sent directly to retailers, including Bon-Ton, an electronic mail reminder that children's upper outerwear must comply with ASTM F1816-97.

10. Bon-Ton's distribution in commerce of the Garments did not meet the Guidelines or ASTM F1816-97; it failed to comport with staff's May 2006 defect notice; and it posed a strangulation hazard to children.

11. On February 18, 2010, March 10, 2010, and May 27, 2010, the Commission and three U.S. importers announced three recalls of the Garments that were distributed in commerce by Bon-Ton. Bon Ton was identified as a retailer of the Garments in the press release announcing the three recalls. The recalls informed consumers that they should immediately remove the drawstrings to eliminate the hazard.

12. Bon-Ton had presumed and actual knowledge that the Garments distributed in commerce posed a strangulation hazard and presented a substantial risk of injury to children under FHSA section 15(c)(1), 15 U.S.C. § 1274(c)(1). Bon-Ton had obtained information that reasonably supported the conclusion that the Garments contained a defect that could create a substantial product hazard or that they created an unreasonable risk of serious injury or death. CPSA sections 15(b)(3) and (4), 15 U.S.C. § 2064(b)(3) and (4), required Bon-Ton to inform the Commission immediately of the defect and risk.

13. Bon-Ton knowingly failed to inform the Commission immediately about the Garments, as required by CPSA sections 15(b)(3) and (4), 15 U.S.C. § 2064(b)(3) and (4), and as the term "knowingly" is defined in CPSA section 20(d), 15 U.S.C. § 2069(d). This failure violated CPSA section 19(a)(4), 15 U.S.C. § 2068(a)(4). Pursuant to CPSA section 20, 15 U.S.C. § 2069, this failure subjected Bon-Ton to civil penalties.

BON-TON's RESPONSE

14. Bon-Ton denies staff's allegations set forth in paragraphs 4 through 13, *supra*, including, but not limited to, the allegations that the Garments contained a defect which could create a substantial product hazard pursuant to section 15(a) of the CPSA, and that Bon-Ton failed to inform the Commission immediately about the Garments, as required by section 15(b) of the CPSA, *supra*. This payment is made in settlement of the staff allegations. Neither the payment, nor the fact of entering into this Settlement Agreement, constitutes evidence of, or an admission of, any fault, liability, or statutory or regulatory violation by Bon-Ton or any admission by Bon-Ton of the accuracy of any allegations made by staff.

AGREEMENT OF THE PARTIES

15. Under the CPSA, the Commission has jurisdiction over this matter and over Bon-Ton.

16. In settlement of staff's allegations, Bon-Ton shall pay a civil penalty in the amount of \$450,000.00 within 20 calendar days of receiving service of the Commission's final Order accepting the Agreement. The payment shall be made electronically to the CPSC via www.pay.gov.

17. The parties enter into this Agreement for settlement purposes only. The Agreement does not constitute any admission by Bon-Ton, nor does it constitute any determination by the Commission that Bon-Ton violated CPSA's reporting requirements.

18. Upon provisional acceptance of the Agreement by the Commission, the Agreement shall be placed on the public record and published in the *Federal Register*, in accordance with the procedures set forth in 16 C.F.R. § 1118.20(e). If the Commission does not receive any written request not to accept the Agreement within 15 calendar days, the Agreement

shall be deemed finally accepted on the 16th calendar day after the date it is published in the *Federal Register*, in accordance with 16 C.F.R. § 1118.20(f).

19. Upon the Commission's final acceptance of the Agreement and issuance of the final Order, Bon-Ton knowingly, voluntarily, and completely waives any rights it may have in this matter to the following: (a) an administrative or judicial hearing; (b) judicial review or other challenge or contest of the Commission's actions; (c) a determination by the Commission of whether Bon-Ton failed to comply with the CPSA and the underlying regulations; (d) a statement of findings of fact and conclusions of law; and (e) any claims under the Equal Access to Justice Act.

20. The Commission may publicize the terms of the Agreement and the Order.

21. The Agreement and the Order shall apply to, and be binding upon, Bon-Ton and each of its successors and/or assigns.

22. The Commission issues the Order under the provisions of the CPSA, and a violation of the Order may subject Bon-Ton and each of its successors and/or assigns to appropriate legal action.

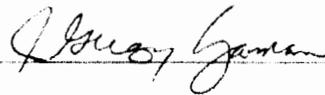
23. The Agreement may be used in interpreting the Order. Understandings, agreements, representations, or interpretations apart from those contained in the Agreement and the Order may not be used to vary or contradict the terms of the Agreement and the Order. The Agreement shall not be waived, amended, modified, or otherwise altered without written agreement thereto, executed by the party against whom such waiver, amendment, modification, or alteration is sought to be enforced.

24. If any provision of the Agreement or the Order is held to be illegal, invalid, or

unenforceable under present or future laws effective during the terms of the Agreement and the Order, such provision shall be fully severable. The balance of the Agreement and the Order shall remain in full force and effect, unless the Commission and Bon-Ton agree that severing the provision materially affects the purpose of the Agreement and Order. This agreement may be signed in counterparts.

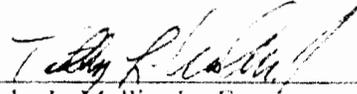
THE BON-TON STORES, INC.

Dated: 11/28/12

By: 

J. Gregory Yawman, Esquire
Vice President and General Counsel
The Bon-Ton Stores, Inc.
2801 East Market Street
York, PA 17402

Dated: 11/30/12

By: 

Timothy L. Mullin, Jr., Esquire
Miles & Stockbridge P.C.
10 Light Street
Baltimore, MD 21202-1487
Counsel for The Bon-Ton Stores, Inc.

U.S. CONSUMER PRODUCT SAFETY
COMMISSION STAFF

Mary T. Boyle
Acting General Counsel

Mary B. Murphy
Assistant General Counsel

Dated: 11/30/12

By: 

Sean R. Ward
Trial Attorney
Office of the General Counsel

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ORDER

Upon consideration of the Settlement Agreement entered into between The Bon-Ton Stores, Inc. (Bon-Ton), and the U.S. Consumer Product Safety Commission (Commission) staff, and the Commission having jurisdiction over the subject matter and over Bon-Ton, and it appearing that the Settlement Agreement and the Order are in the public interest, it is

ORDERED that the Settlement Agreement be, and is, hereby, accepted; and it is

FURTHER ORDERED, that Bon-Ton shall pay a civil penalty in the amount of \$450,000.00 within 20 calendar days of receiving service of the Commission's final Order accepting the Settlement Agreement. The payment shall be made electronically to the CPSC via www.pay.gov. Upon the failure of Bon-Ton to make the foregoing payment when due, interest on the unpaid amount shall accrue and be paid by Bon-Ton at the federal legal rate of interest set forth at 28 U.S.C. § 1961(a) and (b).

(continued on next page)

Provisionally accepted and provisional Order issued on the 7th day of December, 2012.

BY ORDER OF THE COMMISSION:



Todd A. Stevenson, Secretary
U.S. Consumer Product Safety Commission

Finally accepted and final Order issued on the _____ day of _____, 2012.

BY ORDER OF THE COMMISSION:

Todd A. Stevenson, Secretary
U.S. Consumer Product Safety Commission