



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

CHAIRMAN INEZ M. TENENBAUM

**Statement of Chairman Inez M. Tenenbaum on the Commission Decision
to Approve Provisionally a Civil Penalty Settlement with Ross Stores, Inc.**

June 21, 2013

On June 19, 2013, the U.S. Consumer Product Safety Commission (CPSC or the Commission) provisionally approved a civil penalty settlement with retailer Ross Stores, Inc., to resolve CPSC staff allegations that Ross committed prohibited acts by failing to inform the Commission of Ross's continued sale of children's garments with drawstrings, which pose a substantial risk of injury to children due to the risk of entanglement and strangulation. The settlement requires Ross to pay a monetary penalty of \$3.9 million and, just as important, to take meaningful measures to reduce the risk of future noncompliance through implementation of significantly enhanced compliance procedures and internal controls. After a review of the specific facts presented in this case and a careful consideration of the civil penalty factors, I voted to approve the settlement.

During my tenure as Chairman of the CPSC, my colleague Commissioner Robert S. Adler and I have written together and separately regarding the need for civil penalties to truly serve the policy objectives of deterring violations and promoting compliance with the law, particularly in light of the increased penalty amounts Congress authorized in the Consumer Product Safety Improvement Act of 2008. This settlement reflects the goals and importance of our enhanced authorities, and I commend the CPSC staff for this result. This settlement is also a reminder to the regulated community that the Commission will use every tool at its disposal to keep consumers and their families safe from unreasonable risks of injury.

Ross is a repeat violator. In 2009, it paid a civil penalty of \$500,000 for violating the same law, Section 15 of the Consumer Product Safety Act (CPSA). Neither the fine nor the supposed remedial measures Ross implemented on its own initiative following that settlement was sufficient to prevent the continued sale of defective garments. Vendors who were contractually obligated to provide compliant products continuously failed to do so; internal policies prohibiting the purchase, inventory, and sale of garments with drawstrings were equally ineffective. Regardless of what Ross's management may have wanted to believe about the effectiveness of their policies, they clearly did not work. Moreover, the fact that Ross did not design, manufacture, or import the garments did not relieve it of the obligation to ensure that they comply with all applicable safety statutes and regulations.

As part of this settlement, Ross has agreed to maintain a vastly improved compliance program designed to prevent the sale of garments with drawstrings and to ensure timely reporting, if necessary, under Section 15 of the CPSA. This compliance program, similar to others the Commission has begun to require as a warranted condition of settlement, includes the following key elements: (i) written standards and policies, (ii) whistle-blower protections, (iii) compliance training programs, (iv) management oversight of compliance, and (v) five-year record retention requirements.

This case clearly demonstrates that policies cannot exist solely on paper; individuals must be charged with and held accountable for carrying them out. It is my hope and expectation that the message we are sending with the substantial fine and the compliance requirements in this agreement will increase the likelihood that Ross—and other firms—will not only make the right decision next time they are confronted with whether to report a safety issue, but also—and more importantly for consumer safety—will take all necessary steps to ensure they produce and market only compliant products, thus obviating the need for any reporting at all.