UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION

In the Matter of	)	
	)	
Orioxi International Corporation	)	CPSC Docket No. 09-C0010
	)	

SETTLEMENT AGREEMENT

1. In accordance with 16 C.F.R. § 1118.20, Orioxi International Corporation ("Orioxi") and the staff ("Staff") of the United States Consumer Product Safety Commission ("Commission") enter into this Settlement Agreement ("Agreement"). The Agreement and the incorporated attached Order ("Order") settle the Staff's allegations set forth below.

PARTIES

2. The Commission is an independent federal regulatory agency established pursuant to, and responsible for the enforcement of, the Consumer Product Safety Act, 15 U.S.C. §§ 2051–2089 ("CPSA").

3. Orioxi is a corporation organized and existing under the laws of California, with its principal offices located in Brea, California. At all times relevant hereto, Orioxi imported and sold apparel.

STAFF ALLEGATIONS

4. From at least September 2005 to June 2008, Orioxi imported and/or distributed in commerce children's hooded sweatshirts and jackets with drawstrings at the hood or neck, which were later recalled on August 28, 2008 ("Garments").

5. A retailer sold the Garments to consumers.

6. The Garments are "consumer product[s]," and, at all times relevant hereto, Orioxi was a "manufacturer" of those consumer products, which were "distributed in commerce," as those terms are defined in CPSA sections 3(a)(5), (8), and (11), 15 U.S.C. § 2052(a)(5), (8), and (11).

7. In February 1996, the 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, the Staff recommends that there be no hood and neck drawstrings in children's upper outerwear sized 2T to 12.

8. In June 1997, ASTM adopted a voluntary standard, ASTM F1816-97, that 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.

9. On May 19, 2006, the Commission posted on its website a letter from the Commission's Director of the Office of Compliance 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 the 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.

10. Orioxi informed the Commission that there had been no incidents or injuries from the Garments.

11. Orioxi's distribution in commerce of the Garments did not meet the Guidelines or ASTM F1816-97, failed to comport with the Staff's May 2006 defect notice, and posed a strangulation hazard to children.

12. On August 28, 2008, the Commission, in cooperation with Orioxi, announced a recall of the Garments.

13. Orioxi 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). Orioxi 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 Orioxi to immediately inform the Commission of the defect and risk.

14. Orioxi knowingly failed to immediately inform the Commission 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 Orioxi to civil penalties.

ORIOXI'S RESPONSIVE ALLEGATION

15. Orioxi denies the Staff's allegations above that Orioxi knowingly violated the CPSA.

AGREEMENT OF THE PARTIES

16. Under the CPSA, the Commission has jurisdiction over this matter and over Orioxi.

17. The parties enter into the Agreement for settlement purposes only. The Agreement does not constitute an admission by Orioxi, or a determination by the Commission, that Orioxi knowingly violated the CPSA.

18. In settlement of the Staff's allegations, Orioxi shall pay a civil penalty in the amount of seventy thousand dollars ($70,000.00) within twenty (20) calendar days of service of the Commission's final Order accepting the Agreement. The payment shall be by check payable to the order of the United States Treasury.

19. Upon provisional acceptance of the Agreement, 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). In accordance with 16 C.F.R. § 1118.20(f), if the Commission does not receive any written request not to accept the Agreement within fifteen (15) calendar days, the Agreement shall be deemed finally accepted on the sixteenth (16th) calendar day after the date it is published in the *Federal Register*.

20. Upon the Commission's final acceptance of the Agreement and issuance of the final Order, Orioxi knowingly, voluntarily, and completely waives any rights it may have in this matter to the following: (1) an administrative or judicial hearing; (2) judicial review or other challenge or contest of the validity of the Order or of the Commission's actions; (3) a determination by the Commission of whether Orioxi failed to comply with the CPSA and its underlying regulations; (4) a statement of findings of fact and conclusions of law; and (5) any claims under the Equal Access to Justice Act.

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

22. The Agreement and the Order shall apply to, and be binding upon, Orioxi and each of its successors and assigns.

23. The Commission issues the Order under the provisions of the CPSA, and violation of the Order may subject Orioxi and each of its successors and assigns to appropriate legal action.

24. 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 their terms. 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.

25. If any provision of the Agreement and 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 Orioxi agree that severing the

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provision materially affects the purpose of the Agreement and the Order.

Orioxi International Corporation

Dated: 3/13/09 By: _____

Ziegfred Young, President
Orioxi International Corporation
145 S. State College Boulevard, # 250
Brea, CA 92821

U.S. CONSUMER PRODUCT SAFETY
COMMISSION STAFF

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Dated: 3/17/09 By: Renee K. Haslett

Renee K. Haslett
Trial Attorney
Division of Compliance
Office of the General Counsel

UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION

In the Matter of	)	
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ORDER

Upon consideration of the Settlement Agreement entered into between Orioxi International Corporation ("Orioxi") and the U.S. Consumer Product Safety Commission ("Commission") staff, and the Commission having jurisdiction over the subject matter and over Orioxi, and it appearing that the Settlement Agreement and the Order are in the public interest, it is

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

FURTHER ORDERED, that Orioxi shall pay a civil penalty in the amount of seventy thousand dollars ($70,000.00) within twenty (20) calendar days of service of the Commission's final Order accepting the Agreement. The payment shall be made by check payable to the order of the United States Treasury. Upon the failure of Orioxi to make the foregoing payment when due, interest on the unpaid amount shall accrue and be paid by Orioxi at the federal legal rate of

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interest set forth at 28 U.S.C. § 1961(a) and (b).

Provisionally accepted and provisional Order issued on the 8th day of April, 2009.

BY ORDER OF THE COMMISSION:

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