

IMPORTANT SAFETY NOTICE

December, __, 2002

The U.S. Consumer Product Safety Commission (CPSC) and Sunbeam Corporation, of Boca Raton, Fla., have announced a nationwide recall of about 60,000 Star ME-1 brand dry sprinklers manufactured by Chemetron Corporation, an inactive subsidiary of Sunbeam, from 1977 through 1982. Although there have been no reports of malfunction involving Star ME-1 dry sprinklers manufactured by Chemetron Corporation, the CPSC has received reports of failures involving Star ME-1 dry sprinklers manufactured by other companies. **If the sprinklers fail to operate properly in a fire, you, your residents, and your property may be at risk. These Star ME-1 sprinklers must be replaced immediately.**

We have been advised by C.P.S.C. that you were involved in the testing of sprinkler heads and may have information about the location of Star ME-1 dry sprinkler heads that are included in this recall program.

Dry sprinklers do not have water in the leg of pipe directly above the sprinkler head, so they can be used in areas of buildings where the sprinklers or water supply pipes could be subject to freezing. Examples of such areas include unheated attics, freezers and coolers, porches and parking garages. These sprinklers have been installed in nursing homes, hospitals, and convalescent and long-term care facilities.

Chemetron Star ME-1 sprinklers have "Star", the designation "ME-1", and the year of manufacture, from 1977 through 1982, molded on them. The enclosed photos may help you identify them. You may also view photos of them at www.starme1recall.com. Your local sprinkler contractor or local fire marshal or authority having jurisdiction may also be able to assist in identifying these sprinklers.

If you have information about the location of Star ME-1 sprinkler heads that may be subject to this Recall Program, please provide the location information to Star ME-1 Recall Program, P.O. Box __, Wichita, Kansas 67__. Sunbeam will provide additional information about this Recall Program to the locations provided. Full details about this recall program can be found at the web site www.starme1recall.com.

Thank you for your assistance.

Exhibit K

Letter to Trade Associations Representing Grocery/Convenience/Drug stores

IMPORTANT SAFETY NOTICE

December __, 2002

The U.S. Consumer Product Safety Commission (CPSC) and Sunbeam Corporation, of Boca Raton, Fla., have announced a nationwide recall of about 60,000 Star ME-1 brand dry sprinklers manufactured by Chemetron Corporation, an inactive subsidiary of Sunbeam, from 1977 through 1982. Although there have been no reports of malfunction involving Star ME-1 dry sprinklers manufactured by Chemetron Corporation, the CPSC has received reports of failures involving Star ME-1 dry sprinklers manufactured by other companies. **If the sprinklers fail to operate properly in a fire, persons and property may be at risk. These Star ME-1 sprinkler heads must be replaced immediately.**

Dry sprinklers do not have water in the leg of pipe directly above the sprinkler head, so they can be used in areas of buildings where the sprinklers or water supply pipes could be subject to freezing. Examples of such areas include unheated attics, freezers and coolers, porches and parking garages. The types of facilities in which the sprinklers were installed include nursing homes, hospitals, convalescent and long-term care facilities, supermarkets, warehouses, and office buildings.

Chemetron Star ME-1 sprinklers have "Star", the designation "ME-1", and the year of manufacture, from 1977 through 1982, molded on them. The enclosed diagrams may help you identify them and you may also view photos of them at www.starme1recall.com.

Sunbeam has agreed to pay up to one million dollars (\$1,000,000.00) to assist in the replacement of the Star ME-1 sprinkler heads manufactured between 1977 and 1982. Building owners must follow specific procedures to qualify for this program. For more information, consumers can contact Sunbeam at 1-800-____ or visit the web site at www.starme1recall.com

In the interest of protecting public safety, we strongly encourage you to highlight this recall program in your own publications, on your website or by linking to the website above.

Thank you for your assistance.



**Consent Agreement and Order
Sprinkler Corporation of Milwaukee, Inc.**

UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION

In the matter of)
)
)
CHEMETRON CORPORATION,) CPSC Docket No.: 02-1
f/k/a Chemetron Investments, Inc.)
)
and)
)
CHEMETRON INVESTMENTS, INC.,)
f/k/a Chemetron Corporation)
)
and)
)
SUNBEAM CORPORATION)
)
and)
)
SPRINKLER CORPORATION OF)
MILWAUKEE, INC., f/k/a Star Sprinkler)
Corporation, f/k/a Grunau Sprinkler)
Manufacturing Company, Inc.)
)
and)
)
GRUCON CORPORATION)
_____)

ORDER

UPON CONSIDERATION of the administrative Complaint ("Complaint") against Respondent Sprinkler Corporation of Milwaukee, Inc. (herein "SCM") issued on or about October 9, 2001; and

UPON CONSIDERATION of SCM's decision not to contest and to admit, pursuant to and as required by 16 CFR § 1025.26(c) and only for the purpose of settling this matter by consent agreement, all jurisdictional facts, including that the Star ME-1 dry fire sprinklers that

SCM manufactured from 1983 through 1995 (hereinafter "the sprinklers" or "these sprinklers") are "consumer products" under the CPSA, 15 U.S.C. § 2052; and

UPON CONSIDERATION of SCM's decision, only for the purpose of settling this matter by consent agreement, not to contest the allegations in the Complaint that the sprinklers contain a defect which creates a "substantial product hazard;" and

UPON CONSIDERATION of the proposed Consent Agreement between SCM and the staff of the Consumer Product Safety Commission proffered to the Court, including Appendix A attached thereto; and

Pursuant to Sections 15(c) and (d) of the CPSA, 15 U.S.C. § 2064(c) and (d), IT IS HEREBY ORDERED THAT:

1. The Consent Agreement between SCM and the Commission staff, including Appendix A attached thereto, is accepted and incorporated by reference as if fully set forth herein.
2. The Consent Agreement and this Order resolve all allegations related in any way to any alleged responsibility of SCM for Star ME-1 fire sprinklers, including the allegations of the Complaint against SCM. Based on the Consent Agreement, including SCM's admissions and agreements not to contest certain allegations of the Complaint for settlement purposes only, the Commission finds that the Consent Agreement and this Order are necessary to resolve the dispute between the parties and to protect the public from the hazard the Commission believes is presented by the sprinklers.
3. SCM shall comply with all of its obligations set forth in the Consent Agreement,

including Appendix A, which is attached hereto and incorporated by reference as if fully set forth herein.

BY ORDER OF THE CONSUMER PRODUCT SAFETY COMMISSION



Todd Stevenson, Secretary

Dated: March 27, 2003

~~IN CAMERA~~

CPSC/OFFICE OF
THE SECRETARY

UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION

P 1 1

_____)
 In the matter of)
)
 CHEMETRON CORPORATION,)
 f/k/a Chemetron Investments, Inc.)
)
 and)
)
 CHEMETRON INVESTMENTS, INC.,)
 f/k/a Chemetron Corporation)
)
 and)
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 SUNBEAM CORPORATION)
)
 and)
)
 SPRINKLER CORPORATION OF)
 MILWAUKEE, INC., f/k/a Star Sprinkler)
 Corporation, f/k/a Grunau Sprinkler)
 Manufacturing Company, Inc.)
)
 and)
)
 GRUCON CORPORATION)
 _____)

CPSC Docket No.: 02-1

CONSENT AGREEMENT

This Consent Agreement is made by and between the staff of the United States Consumer Product Safety Commission and Respondent Sprinkler Corporation of Milwaukee, Inc. to settle all claims against that Respondent in the above-captioned administrative action. The parties agree as follows:

Parties

1. The "staff" is the staff of the United States Consumer Product Safety Commission ("CPSC" or "Commission"), an independent regulatory agency of the United States, established by Congress pursuant to Section 4 of the Consumer Product Safety Act ("CPSA"), 15 U.S.C. § 2053.

2. Respondent Sprinkler Corporation of Milwaukee, Inc. ("SCM"), a wholly-owned inactive subsidiary of Grucon Corporation with no business and no assets, is a corporation organized and existing under the laws of Wisconsin, with its principal place of business at 1100 West Anderson Court, Oak Creek, Wisconsin 53154.

3. As used herein, the term "Respondent" means SCM.

Subject Matter

4. According to the Commission staff's best estimate, from 1983 through 1996, SCM manufactured, sold and/or distributed approximately 450,000 "Star ME-1" brand automatic dry fire sprinklers (hereinafter "the sprinklers" or "these sprinklers"), as defined in the Complaint in this matter.

5. On October 9, 2001, the Commission staff filed an Administrative Complaint ("Complaint"), pursuant to 15 U.S.C. § 2064, against the Respondent which sought, *inter alia*, recall and replacement of the sprinklers. The Complaint alleges that these sprinklers are defective and are likely to fail to operate in certain fire situations, creating a substantial risk of bodily injury and/or death.

6. Respondent filed answers and defenses to the Complaint in which it avers, *inter alia*, that the sprinklers are not "consumer products" within the meaning of 15 U.S.C. § 2052 and are not defective within the meaning of 15 U.S.C. § 2064.

Agreement of the Parties

7. It is the express purpose of the parties in entering into this Consent Agreement to settle all disputes between them concerning the sprinklers, without any admission of liability by Respondents, and to facilitate the replacement of the sprinklers.

8. The parties intend for this Consent Agreement, attached Appendix A, and the Order in the form attached hereto (the "Order"), which are hereby incorporated by reference herein, to resolve all allegations and requests for relief related in any way to any alleged responsibility of Respondent for its Star ME-1 fire sprinklers, including the allegations and requests for relief set forth in the Complaint in this proceeding as to Respondent.

9. For purposes of this settlement only, and as required by 16 CFR § 1025.26(c)(1), Respondent agrees not to contest, and Respondents admit that the Commission has jurisdiction over this settlement in that the sprinklers are "consumer products" under Section 3 of the CPSA, 15 U.S.C. § 2052, subject to the Commission's jurisdiction. In the event that the Presiding Officer or Commission rejects this agreement, the Respondent expressly withdraws this admission and reserves the right to contest the Commission's jurisdiction,

including jurisdiction over these sprinklers. The Commission agrees to make no use of this admission for any purpose other than to establish its jurisdiction for the purposes of this Consent Agreement.

10. For purposes of this settlement only, and in accord with Federal Rule of Evidence 408 and corresponding state statutes and rules excluding evidence of compromises and settlements, Respondent agrees not to contest the allegations in the Complaint that the sprinklers contain a "defect which creates a substantial product hazard," as those terms are defined in Section 15(a) of the CPSA, 15 U.S.C. § 2064(a). Respondent has agreed not to contest these allegations solely in order to avoid the expense, inconvenience and risks associated with further litigation, and the parties (including the Commission) recognize that this resolution and this Consent Agreement may not be used in any way or introduced as evidence of defect or hazard against Respondent in other litigation involving the Commission or its staff, or in this litigation if the Presiding Officer or Commission rejects this agreement or in any other litigation involving any other person or entity. But for this assurance of non-use, Respondent would not settle and would litigate the above-captioned matter to its conclusion.

11. Upon the Commission's acceptance of this Consent Agreement and the subsequent entry of the Order, Respondent knowingly, voluntarily and completely waives and relinquishes any past, present and/or future right or rights in this matter: (1) to an administrative or judicial hearing and to all further procedural steps, including findings of fact, conclusions of law and/or further

determination of whether the sprinklers contain a defect which creates a substantial product hazard within the meaning of Section 15 of the CPSA; (2) to seek judicial review or (3) to seek judicial review of this or any past orders, findings and/or determinations of the Commission or the Presiding Officer in this matter, except as set forth in the provisions regarding review in Paragraph 21 of this Consent Agreement.

12. Respondent agrees to fulfill all of its obligations under this Consent Agreement as set forth in attached Appendix A and the Order in the form attached hereto.

13. A violation of this Consent Agreement and the attached Order is a prohibited act within the meaning of Section 19(a)(5) of the CPSA, 15 U.S.C. § 2068(a)(5).

14. The Commission or Respondent may disclose the terms of this Consent Agreement and Order to the public.

15. This Consent Agreement shall take effect upon its final acceptance by the Commission and shall be in full force and effect for the period provided for in Appendix A attached hereto, after which time this Consent Agreement expires.

16. This Consent Agreement and Order shall be binding upon the parties hereto and their successors, assigns, and receivers. If, prior to the termination of this Consent Agreement and Order, Respondent merges with any other corporation or sells, assigns, or otherwise transfers substantially all of its assets, Respondent shall provide reasonable prior notice of this Consent

Agreement and Order and of its binding effect on successors, assigns, and receivers to the surviving corporation or, in the case of an asset sale, assignment, or transfer of substantially all of the Respondent's assets, to the purchaser, transferee, or assignee. Prior to the termination of this Consent Agreement and Order, the existence of this Consent Agreement and Order and its binding effect shall be noted in any agreement between Respondent and such surviving corporation, purchaser, transferee, or assignee. In the event of any merger or sale, transfer, or assignment of substantially all of Respondent's assets prior to the termination of this Consent Agreement and Order, notice shall be provided to the staff no later than 15 days prior to any such merger or asset sale, transfer, or assignment.

17. This Consent Agreement and Order have been negotiated by the parties. The Respondent is not relying on the advice of the Commission staff, nor of anyone associated with the staff, as to legal, tax, or other consequences of any kind arising out of this Consent Agreement and Order, and Respondent specifically assumes the risk of all such legal, tax and other consequences.

18. For all purposes, this Consent Agreement and Order shall constitute an enforceable judgment obtained in an action or proceeding by a governmental unit to enforce its police or regulatory power. For purposes of this settlement only (and only if this settlement is accepted), Respondent acknowledges and agrees that this Consent Agreement and Order are pursuant to the Commission's police or

regulatory power to remedy the substantial product hazard that the Commission alleges that the sprinklers create, and to protect the public.

19. Upon completion of all of its obligations as set forth in Appendix A, Respondent shall provide to the staff a status report, in a form acceptable to the staff, of the progress of the corrective action program set forth in this Consent Agreement and Order for the sprinklers; thirty days after submission of such report, this Consent Agreement expires.

20. If, after the effective date thereof, any provision of this Consent Agreement and order is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Consent Agreement and Order, such provision shall be fully severable. The rest of the Consent Agreement and Order shall remain in full effect, unless the Commission determines that severing the provision materially impacts the corrective action program set forth in this Consent Agreement and Order, or unless the Commission determines severing the provision renders performance by Respondent of one or more remaining provisions impossible.

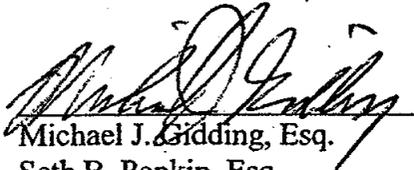
21. The provisions of this Consent Agreement and Order shall be interpreted in a reasonable manner to effect its purpose to remedy the alleged hazard that the sprinklers present. In the event of a dispute between the parties arising under this Consent Agreement and Order, the parties agree to submit the issue to the Commission for determination. Any party shall have the right to seek

judicial review of the Commission decision, such review to be based upon the record of any such Commission proceeding and according to law.

22. Unless ordered by the Commission or a court, the existence of a dispute shall not excuse, toll, or suspend any obligation or deadline imposed upon Respondent under this Consent Agreement and Order.

23. This Consent Agreement and Order shall not be waived, changed, amended, modified, or otherwise altered, except in writing executed by the party or parties against whom such amendment, modification, alteration, or waiver is sought to be enforced, and approved by the Commission.

Dated: December 31, 2002

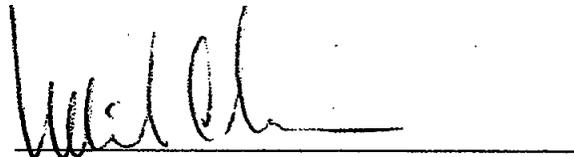

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Office of Compliance

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Office of Compliance
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For Sprinkler Corporation of Milwaukee, Inc.

Of Counsel:
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1000 North Water Street
Milwaukee, WI 53203

Counsel for Respondent Sprinkler Corporation
of Milwaukee, Inc.

Appendix A

APPENDIX A

1. NOTICE CAMPAIGN

- 1.1. Respondent Sprinkler Corporation of Milwaukee agrees to provide notice to owners of Star ME-1 sprinklers manufactured from 1983 through 1995 as follows:
 - 1.1.1. Issue a joint press release with CPSC based upon the safety alert attached as Exhibit "1" (hereinafter, "the safety alert").
 - 1.1.2. Provide by direct mail a copy of the safety alert to each location identified in the Mealane Corporation corrective action program as having subject sprinkler heads.
 - 1.1.3. Provide by direct mail notice copies of the safety alert to approximately 29,000 Administrators of Nursing Homes and similar facilities listed in a mailing list purchased from Billian's Health Data Group within 30 days from the effective date of the Commission Order approving the Consent Agreement.
 - 1.1.4. Provide by direct mail notice copies of the safety alert to all State Fire Marshals within 30 days from the effective date of the Commission Order approving the Consent Agreement.
 - 1.1.5. Provide by direct mail a copy of the safety alert to health care, fire safety, and seniors' organizations designated by the Commission within 30 days from the effective date of the Commission Order approving the Consent Agreement.
 - 1.1.6. Provide by direct mail notice copies of the safety alert to fire sprinkler trade associations and editors of fire sprinkler trade journals designated by the Commission within 30 days from the effective date of the Commission Order approving the Consent Agreement.
 - 1.1.7. Provide by direct mail copies of the safety alert to state agencies having jurisdiction over nursing homes,

convalescent centers and similar facilities within 30 days from the effective date of the Commission Order approving the Consent Agreement.

1.1.8. Provide, by joint mail with CPSC, copies of the safety alert to state CPSC liaison representatives within 30 days from the effective date of the Commission Order approving the Consent Agreement.

1.1.9 Provide by direct mail copies of the safety alert to testers of and sites from which samples of the Star ME-1 sprinkler heads that SCM manufactured between 1983 and 1996 were removed for testing, within 30 days from the effective date of the Commission Order approving the Consent Agreement.

1.1.10 Provide by direct mail copies of the safety alert to trade associations representing grocery stores, convenience stores, and retail drug stores within 30 days from the effective date of the Commission Order approving the Consent Agreement.

2. INFORMATION WEBSITE

2.1. In addition to the provisions contained in Section 1, Respondent agrees to pay for the creation of a web page that contains information about Respondent's Star ME-1 sprinkler, in a form and manner to be determined by CPSC and Respondent.

2.2. Respondent agrees to prepay those costs necessary to maintain the web page described in Section 3.1 for a period of twelve (12) months from the effective date of the Commission Order approving the Consent Agreement.

3. REPORTING

3.1 In addition to the provisions contained in Sections 1 and 2, within thirty days of completion of the above described tasks, Respondent agrees to provide a status report concerning implementation of this program in a form and manner to be determined by CPSC and Respondent.

Exhibit 1

IMPORTANT SAFETY NOTICE

STAR ME-1 FIRE SPRINKLERS

The Sprinkler Corporation of Milwaukee, Inc. (SCM), formerly known as Star Sprinkler Corporation, advises the public of allegations of the U.S. Consumer Product Safety Commission (CPSC) concerning the Star ME-1 dry fire sprinklers manufactured by SCM from 1983 through 1995. As a result of extensive testing and analysis, CPSC alleges these sprinklers present a safety risk because they may fail to activate in a fire. CPSC believes these sprinklers should be immediately removed from service and replaced.

SCM and CPSC urge building owners to immediately check their fire sprinkler systems to determine whether they have and Star ME-1 fire sprinklers dated from 1983 through 1995. If so, CPSC advises they should be replaced immediately.

BACKGROUND

In October, 2001, CPSC filed an administrative complaint against SCM, alleging that SCM's Star ME-1 fire sprinklers are defective and may require excessive water pressure to activate in a fire, thereby exposing consumers to the risk of death or serious injury. The complaint sought an order compelling SCM to give public notice of the alleged risk and to recall SCM's Star ME-1 sprinklers. Because SCM has no assets, however, it is unable to conduct a recall. Nevertheless, SCM urges building owners to follow CPSC's guidance by inspecting the sprinkler systems in their building and replacing any 1983 – 1995 Star ME-1 fire sprinkler they find.

SPRINKER IDENTIFICATION

Star ME-1 fire sprinklers have the name "Star" stamped on the sprinkler head, along with the model number, "ME-1", and the date of manufacture. See Figure 1 below. CPSC believes that SCM manufactured some 400,000 of these sprinklers.

INSERT SPRINKLER PICTURES

SPRINKER USES/LOCATIONS

Dry fire sprinklers such as the ME-1 are used with both dry pipe and wet pipe systems, typically in areas where the sprinkler heads and drop legs or water supply may be subject to freezing. Examples of such areas include unheated attics, chases and plenums, freezers and coolers, porches, and parking garages. SCM Star ME-1 sprinklers were installed nationwide in, among other locations, nursing homes, convalescent and long-term care facilities, hospitals, supermarkets and other stores, warehouses, and offices.

WHAT TO DO

Building owners should check the fire sprinkler systems for ME-1 fire sprinklers dated from 1983-1995. CPSC advises that each such sprinkler must be replaced. Replacing these sprinklers also complies with the requirements of the recently revised "National Fire Protection Association (NFPA) 25: Standard for the Inspection, Testing and Maintenance of Water-Based Fire Protection Systems." Specifically, NFPA 25 now advises that all dry sprinklers that have been in service for ten years or more should be immediately replaced or tested. Star ME-1 fire sprinklers produced before 1993 are specifically subject to this requirement. Although not subject to the revised standard, according to CPSC, Star ME-1 fire sprinklers produced from 1993-1995 should also be replaced because, over time, they may cease to operate effectively in a fire. For more information about testing and/or replacing dry type fire sprinklers, please contact NFPA's web site at www.nfpa.org.

OTHER SPRINKLERS BEING RECALLED

This notice applies only to the Star ME-1 fire sprinklers with manufacturing dates from 1983-1995. The following firms are recalling star ME-1 fire sprinklers produced before and after these dates. Further information can be found at the firms' web sites:

1975-1976 – Melane Corporation at www.star-recall.com

1977-1982 - Chemtron Corporation at www.starmelrecall.com

1996-1998 - Central Sprinkler Corporation at www.sprinklerreplacement.com

FURTHER INFORMATION

For more information on the SCM 1983-1995 Star ME-1 fire sprinkler, visit the web site @ www.nfsa.org.

UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION

In the Matter of)
)
Chemtron Corporation,)
f/k/a Chemtron Investments, Inc.,)
)
Chemtron Investments, Inc.,)
f/k/a Chemtron Corporation,)
)
Smibean Corporation,)
)
Sprinkler Corporation of Milwaukee, Inc.,)
f/k/a Star Sprinkler Corporation, f/k/a)
Gruon Sprinkler Manufacturing Company, Inc.,)
)
and)
)
Gruon Corporation)

CPSC Docket No. : 02-1

ORDER

UPON CONSIDERATION of Complaint Counsel's Motion to voluntarily dismiss Respondent Gruon Corporation, and upon consideration of the record in this case, IT IS HEREBY ORDERED:

1. That Complaint Counsel's Motion to Voluntarily Dismiss Respondent Gruon Corporation be and hereby is granted; and
2. That the above captioned Complaint against Gruon Corporation be and hereby is dismissed with prejudice.

So Ordered,

William B. Moran
William B. Moran
United States Administrative Law Judge

Dated: May 19, 2003

May 19, 2003

FACSIMILE AND REGULAR MAIL

Mr. Todd Stevenson
Secretary, U.S. Consumer Product Safety Commission
Office of the Secretary
4330 East West Highway
Room 502, South Tower
Bethesda, Maryland 20814

Re: In the Matter of Chemelron Corporation, et al.
CPSC Docket No. 02-1

Dear Mr. Stevenson:

Enclosed is my Order, which was also sent via facsimile to you this date. Please transmit this Order via facsimile and by regular mail to all parties.

Sincerely,

William B. Moran

William B. Moran
United States Administrative Law Judge

Enclosure

UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION OFFICE OF
SECRETARY

SEP 10 10 13 50

In the matter of)

CHEMETRON CORPORATION,)
f/k/a Chemetron Investments, Inc.)

and)

CHEMETRON INVESTMENTS, INC.,)
f/k/a Chemetron Corporation)

and)

SUNBEAM CORPORATION)

and)

SPRINKLER CORPORATION OF)
MILWAUKEE, INC., f/k/a Star Sprinkler)
Corporation, f/k/a Grunau Sprinkler)
Manufacturing Company, Inc.)

and)

GRUCON CORPORATION)

CPSC Docket No.: 02-1

**COMPLAINT COUNSEL'S MOTION TO VOLUNTARILY
DISMISS RESPONDENT GRUCON CORPORATION**

Pursuant to 16 C.F.R. § 1025.23 and the Court's Order dated June 28, 2002, and for the reasons set forth herein, Complaint Counsel hereby moves to voluntarily dismiss respondent Grucon Corporation ("Grucon") with prejudice.

1. The Complaint

On October 9, 2001, and pursuant to section 15 of the Consumer Product Safety Act ("CPSA"), 15 U.S.C. § 2064, Complaint Counsel filed this action. The Complaint named both

Grucon and Sprinkler Corporation of Milwaukee, Inc. ("SCM"), among others, as respondents. With respect to Grucon and SCM, the Complaint sought notification and remedial action to protect the public from the alleged substantial product hazard presented by failure of Star ME-1 fire sprinklers SCM manufactured from 1983 through 1995. The allegations of the Complaint were based on the information available to Complaint Counsel at the time it filed the Complaint, and Complaint Counsel believed it had a prima facie case in all respects.

The Complaint alleged that Grucon and its subsidiary, SCM, engaged in actions disregarding corporate form and identities, and/or that they failed to take actions to properly maintain corporate form and identities. The Complaint alleged that there was such unity of interest and ownership between SCM and Grucon that the purported separate personalities of the corporations do not exist. SCM manufactured Star ME-1 sprinklers from 1983 through 1995, but it has no assets or means with which to provide the relief sought in the Complaint. The Complaint sought to pierce the corporate veil of SCM to hold Grucon liable for the relief sought for the Star ME-1 sprinklers SCM manufactured. The Complaint alleged that each of the respondents, including SCM and Grucon, was a manufacturer and/or distributor as those terms are defined in section 3(a)(4) and (5) of the CPSA, 15 U.S.C. § 2052(a)(4) and (5).

2. Grucon's Motion for Summary Decision, Complaint Counsel's Opposition, and the Presiding Officer's Order

On May 31, 2002, Grucon filed a Motion for Summary Decision on the grounds that it did not manufacture Star ME-1 sprinklers and that there was no basis for piercing SCM's corporate veil. Grucon argued that Complaint Counsel had not established, and cannot establish, that Grucon so controlled and manipulated SCM that SCM became Grucon's mere instrumentality.

On June 17, 2002, Complaint Counsel filed a memorandum opposing Grucon's motion and supporting Complaint Counsel's alternative motion for a continuance to complete discovery necessary to its claim. Aside from noting that Grucon's motion and its supporting documents were inadequate to meet Grucon's burden on summary decision, Complaint Counsel argued that Grucon's motion was premature. Grucon's motion was filed ten weeks before the close of discovery, and Grucon had been dilatory in responding to Complaint Counsel's discovery requests on the veil piercing claim. Complaint Counsel noted that it was entitled to a full opportunity to discover information essential to its veil piercing claim.

In an Order dated June 28, 2002, the Court noted that the rule on summary decision orders contemplates that relevant discovery be completed first, and that since such discovery had not been completed, it would be premature to rule on Grucon's motion. The Court deferred ruling on Grucon's motion until Complaint Counsel had had a reasonable time to assimilate the material derived through discovery. The Court further noted that once that process was completed, Complaint Counsel should evaluate whether Grucon should remain a party and, if warranted, on its own motion seek to dismiss Grucon from the proceeding, or, alternatively, supplement its response to Grucon's motion in light of evidence discovered.

3. Discovery on Veil Piercing

Complaint Counsel conducted extensive discovery of SCM and Grucon on the issues relating to piercing the corporate veil. This discovery included written requests and responses, review of thousands of pages of documents produced, and depositions of SCM and/or Grucon officers and former employees. Complaint Counsel concluded that, as applied to the relevant law, many facts supported Complaint Counsel's contentions, while other facts did not support those contentions. On balance, based on the information Complaint Counsel obtained in

discovery, and in light of the Consent Agreement accepted by the Commission (discussed below), Complaint Counsel has decided that Grucon should not remain a party.

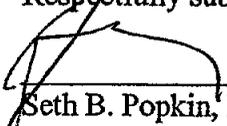
4. Consent Agreement and Commission Order

On January 2, 2003, Complaint Counsel and SCM filed a joint motion transmitting a Consent Agreement to the Commission. The joint motion noted that based on the information obtained through discovery, and upon the Commission's acceptance of the proposed Consent Agreement, Complaint Counsel intended to file a motion to voluntarily dismiss Grucon. By Order dated March 27, 2003, the Commission accepted the Consent Agreement between SCM and the Commission staff. In the Order, the Commission found that the Consent Agreement is necessary to resolve the dispute between the parties and to protect the public from the hazard the Commission believes is presented by the sprinklers, and the Commission ordered that SCM comply with all of its obligations in the Consent Agreement.¹

Conclusion

Accordingly, for the foregoing reasons, Complaint Counsel respectfully requests that the Court dismiss Grucon with prejudice. A proposed Order accompanies this motion.

Respectfully submitted,



Seth B. Popkin, Esq.

Complaint Counsel
U.S. Consumer Product Safety Commission
Office of Compliance
4330 East West Highway, Room 613
Bethesda, Maryland 20814
(301) 504-7612

¹ Under the terms of the Consent Agreement, SCM is undertaking a notice program to provide a direct mail safety alert to thousands of specifically-identified persons and organizations, informing the public of the Commission's warning that Star ME-1 sprinklers SCM manufactured from 1983 through 1995 present a safety risk because they may fail to activate in a fire. In addition, SCM will be maintaining a web page with this warning and related information, and SCM is joining with the Commission in issuing a joint press release about the warning.

Of Counsel:

Eric L. Stone, Esq.
Director, Legal Division

Alan H. Schoem, Esq.
Associate Executive Director
Office of Compliance

U.S. Consumer Product Safety Commission
Office of Compliance
4330 East West Highway, Room 613
Bethesda, Maryland 20814

CERTIFICATE OF SERVICE

I hereby certify that on April 10, 2003, I served Complaint Counsel's Motion to Voluntarily Dismiss Respondent Grucon Corporation, and the accompanying proposed Order, upon all parties of record in these proceedings as follows:

By hand-delivery to:

Heidi K. Hubbard, Esq.
Karyn A. Temple, Esq.
Williams & Connolly LLP
725 12th Street, NW
Washington, DC 20005

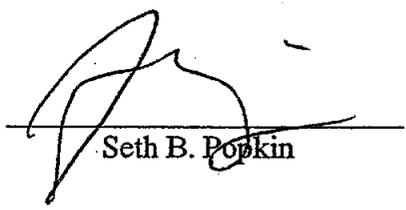
Michael A. Brown, Esq.
Brown & Gidding, P.C.
3201 New Mexico Avenue, NW
Suite 242
Washington, DC 20016-2756

By facsimile and overnight mail, postage prepaid, to:

Ralph A. Weber, Esq.
Michael Flynn, Esq.
Reinhart, Boerner, Van Deuren, Norris & Rieselbach, S.C.
1000 North Water Street
Suite 2100
Milwaukee, WI 53202-3186

By first class mail, postage prepaid, on:

Barbara Wrubel, Esq.
Bert L. Wolff, Esq.
Skadden, Arps, Slate, Meager & Flom LLP
Four Times Square
New York, NY 10036


Seth B. Popkin

UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION

In the matter of)
)
)
CHEMETRON CORPORATION,) CPSC Docket No.: 02-1
f/k/a Chemetron Investments, Inc.)
)
and)
)
CHEMETRON INVESTMENTS, INC.,)
f/k/a Chemetron Corporation)
)
and)
)
SUNBEAM CORPORATION)
)
and)
)
SPRINKLER CORPORATION OF)
MILWAUKEE, INC., f/k/a Star Sprinkler)
Corporation, f/k/a Grunau Sprinkler)
Manufacturing Company, Inc.)
)
and)
)
GRUCON CORPORATION)
)

ORDER

UPON CONSIDERATION of Complaint Counsel's Motion to Voluntarily Dismiss Respondent Grucon Corporation, and upon consideration of the entire record in this case, IT IS HEREBY ORDERED:

1. That Complaint Counsel's Motion to Voluntarily Dismiss Respondent Grucon Corporation be and hereby is granted; and

2. That Grucon Corporation be and hereby is dismissed with prejudice.

SO ORDERED.

William B. Moran
United States Administrative Law Judge

Dated: _____