



UNITED STATES
CONSUMER PRODUCT SAFETY COMMISSION
4330 EAST WEST HIGHWAY
BETHESDA, MD 20814

COMMISSIONER MARIETTA S. ROBINSON

March 24, 2016

**STATEMENT OF COMMISSIONER MARIETTA S. ROBINSON
ON THE GREE DEHUMIDIFIERS CIVIL PENALTY**

On March 24, 2016, the Commission approved a groundbreaking proposed \$15.45 million settlement agreement with Gree Electric Appliances, Inc. of Zhuhai, Hong Kong, Gree Electric Appliances Sales Co., Ltd., and Gree USA Sales, Ltd. ("Gree") to resolve CPSC staff allegations of numerous Consumer Product Safety Act ("CPSA") violations. These alleged violations include: Gree's failure to timely report about a fire hazard posed by dehumidifiers manufactured and distributed by Gree; Gree's unauthorized use of the Underwriters Laboratories, Inc. ("UL") registered safety certification mark; and Gree's making material misrepresentations to CPSC staff during its investigation. I applaud our Office of General Counsel for achieving a settlement imposing the maximum civil penalty for these violations.

Following are the CPSC's allegations of misconduct by Gree:

From January 2005 to August 2013, Gree sold approximately 2.5 million dehumidifiers under various brand names in the United States. The dehumidifiers were defective because they could and did overheat and catch fire. As a result of the fires, significant property damage occurred to consumers' homes.

Gree first received reports of this fire hazard in July 2012 and implemented design changes to remedy the defect. However, Gree did not file a timely report to the CPSC as required by Sections 15(b)(3) and (4) of the CPSA. Additionally, Gree made unauthorized use of the UL safety certification mark, even though it knew that the dehumidifiers did not comply with the applicable UL flammability standards. Gree made material misrepresentations to staff, when it told staff that the dehumidifiers met the UL flammability standards and in its statements regarding when Gree became aware that the dehumidifiers in fact were not compliant with UL standards. Gree finally notified the CPSC about the dehumidifiers in March of 2013, and subsequently cooperated with CPSC to implement a voluntary recall.¹

CPSC's Office of General Counsel successfully and appropriately obtained the maximum penalty for each alleged violation. In total, Gree agreed to pay a civil monetary penalty of \$15.45 million. Gree also agreed to implement a compliance program designed to ensure compliance with CPSA and CPSC regulations, and implement, maintain, and enforce a system of internal controls to ensure, among other things, timely reports to CPSC.

The attorneys in our Office of General Counsel who are responsible for the excellent result are our General Counsel Stephanie Tsacoumis, Daniel Vice, Mary Murphy, and Mary Boyle. This settlement imposes the highest civil monetary penalty in CPSC's history and in circumstances in which such a penalty was entirely justified. This is an important step toward protecting consumers from unreasonably dangerous products and ensuring that companies fulfill their obligations under the CPSA. The settlement also prospectively addresses consumer exposure to unreasonable risks by imposing compliance programs and enhanced internal controls. The settlement is just one of many examples of the Office of General Counsel's exemplary work in helping the CPSC further its mission of keeping consumers safe.

¹ Gree states that agreeing to settle staff's charges does not constitute an admission that reportable information or a substantial product hazard exist.
