



UNITED STATES
CONSUMER PRODUCT SAFETY COMMISSION
4330 EAST WEST HIGHWAY
BETHESDA, MD 20814
ACTING CHAIRMAN PETER A. FELDMAN

**STATEMENT OF ACTING CHAIRMAN PETER A. FELDMAN
ON DAIKIN'S \$8.5 MILLION CIVIL PENALTY AND COMPLIANCE MONITOR FOR
FAILURE TO TIMELY REPORT FIRE HAZARD**

JUNE 16, 2026

WASHINGTON, D.C. – The U.S. Consumer Product Safety Commission (CPSC) today announced that Daikin Comfort Technologies Manufacturing, Inc. has agreed to pay an \$8.5 million civil penalty and implement significant compliance reforms, including the appointment of an Internal Compliance Monitor, to resolve allegations that it knowingly failed to immediately report a serious fire hazard as required by federal law.

This settlement resolves CPSC's charges that Daikin knowingly failed to immediately report to CPSC, as required by law, that its Packaged Terminal Air Conditioners/Heat Pumps (PTACs) equipped with "DigiAir" modules contained a defect which could create a substantial product hazard and created an unreasonable risk of serious injury or death to consumers.

Between 2017 and 2023, Daikin received multiple warranty claims, more than a dozen reports of fires, and a report of a smoke inhalation injury involving the PTACs. According to the Commission's allegations, no later than December 2019 Daikin possessed information reasonably supporting the conclusion that the products contained a defect that could create a substantial product hazard or an unreasonable risk of serious injury or death, yet failed to immediately report that information to CPSC as required by federal law.

The Commission and Daikin jointly announced a recall of the PTACs on August 3, 2023. The recall press release stated that the DigiAir module compressor in the PTACs can overheat, posing burn and fire hazards.

In addition to the \$8.5 million civil penalty, the settlement requires Daikin to appoint an Internal Compliance Monitor and implement significant compliance reforms designed to prevent future reporting violations. The enhanced compliance requirements reflect the nature and gravity of the Commission's allegations, including the extended reporting delay and Daikin's prior history involving similar reporting violations. The settlement also requires enhanced internal controls and reporting procedures, annual compliance audits, and annual reports documenting the effectiveness of the company's compliance program. Until recently, the Commission's civil penalty program lacked clear guiding principles. Similar cases produced markedly different outcomes with little explanation for why one company received a substantially larger penalty than another or why the Commission sought additional relief in one matter but not another. That inconsistency weakened the deterrent value of the Commission's civil penalty authority and

made it more difficult for regulated entities to understand what the Commission expected of them.

A coherent civil penalty program requires that remedies be proportionate to the seriousness of the alleged misconduct and applied consistently across similarly situated cases. Repeat offenders should expect greater consequences than first-time violators. Where monetary penalties alone are unlikely to achieve future compliance, the Commission should employ the additional enforcement tools Congress has provided, including compliance monitors and other forward-looking relief. Congress authorized compliance monitors and other nonmonetary relief because, in appropriate cases, monetary penalties alone are not enough to promote future compliance.

Today's settlement reflects those principles. According to the Commission's allegations, Daikin delayed reporting a serious fire hazard for years despite accumulating evidence of fires and injury and had a history of similar reporting violations. Those allegations warranted not only a substantial monetary penalty, but also the appointment of an Internal Compliance Monitor and other forward-looking compliance measures designed to address the underlying compliance deficiencies and reduce the likelihood of future violations.

This settlement marks an important step toward restoring coherence to the Commission's civil penalty program. Going forward, regulated entities should expect CPSC's remedies to reflect the seriousness of the alleged misconduct, the company's compliance history, and the need to promote future compliance. The Commission will make full use of the authorities Congress entrusted to it.