

INVESTIGATION OF IMPORTED DRYWALL

STATUS UPDATE, September 2010

I. Overview

This update describes new developments in the ongoing investigation of imported drywall and supplements the previous reports provided to the Committee. As of September 22, 2010, the U.S. Consumer Product Safety Commission (“Commission” or “CPSC”) had received 3,602 incident reports related to drywall from 38 states, the District of Columbia, Puerto Rico, and American Samoa. More than 90 percent of reports are from five states: Florida (57 percent), Louisiana (19 percent), Mississippi (7 percent), Alabama (6 percent), and Virginia (4 percent).

In addition to the consumer reports on drywall received by the CPSC, our outreach efforts and investigations have secured information from many other sources, including state governors, county governments, importers, builders, distributors, installers, and other parties in the drywall distribution chain. Combining the information from all sources and eliminating duplicates, our best estimate of the number of homes that have registered complaints about drywall is approximately 6,300.

The CPSC has been providing these Congressional updates on a monthly basis since the early days of the investigation. As we wrap up our scientific investigation, we will continue to report our findings on www.DrywallResponse.gov and issue these updates to Congress on a quarterly basis, with our next update at the end of the first quarter of fiscal year 2011.

II. New Developments

- A. Assistance to U.S. Army Investigation at Fort Bragg: The CPSC is assisting the U.S. Army in the investigation of the deaths of infants reported by families at Fort Bragg, North Carolina, by providing an independent, comprehensive investigation into environmental factors in certain homes. The CPSC’s contractor, Environmental Health & Engineering (EH&E), is conducting a comprehensive investigation of the indoor environment of two houses at Fort Bragg.
- B. Additional Indoor Air Testing in Homes with Non-Chinese Drywall: In addition to the indoor air testing at Fort Bragg, EH&E is also conducting indoor air testing focused on drywall-related issues in a small number of homes where consumers have reported problems with non-Chinese manufactured drywall. Although these reports of homes alleging problems due to non-Chinese drywall represent a very small fraction of the total reported incidents, the CPSC is investigating them as part of our overall investigation to gain a comprehensive understanding of the reported problems. Results from these studies will not be available until winter.
- C. IRS Casualty Loss Guidance: On September 30, 2010, the Internal Revenue Service (IRS) issued guidance providing relief to some homeowners who have suffered property losses due to the effects of imported drywall installed in homes between 2001 and 2009. Revenue Procedure 2010-36 enables certain affected taxpayers to treat damages for faulty drywall as a casualty loss and provides a “safe harbor” formula for determining the amount of the loss.

III. Progress in the Investigation

We continue to investigate long term corrosion on electrical and fire safety components under contract with other federal laboratories. Initial results of analyses of components exposed to corrosive conditions are expected this autumn. Through this work, the Commission hopes to fine-tune the Interim Identification Guidance and Interim Remediation Guidance (in conjunction with the U.S. Department of Housing and Urban Development). To date, this has been the largest compliance investigation in agency history.