

UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION

In the Matter of)	
)	
STAR NETWORKS, USA LLC,)	CPSC DOCKET NO. 13-2
)	
Respondent.)	DEAN C. METRY
)	Administrative Law Judge

CONSENT AGREEMENT
IN CAMERA

This Consent Agreement (Consent Agreement) is made to settle the above-captioned administrative action. The parties agree as follows:

Parties

1. The Commission staff is the staff of the United States Consumer Product Safety Commission (CPSC or the 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. Star Networks USA, LLC (Star) is a limited liability company organized and existing under the laws of New Jersey, with its principal place of business located at 6040 Kennedy Blvd East, Unit L3, West New York, NJ 07093. Respondent, as that term is used herein, shall mean Star, its successors, assigns or receivers.

Subject Matter

3. The Subject Products are small, individual magnets with a flux index greater than 50 sold under the brand name Magnicube Magnet Balls (Magnicube Spheres) and Magnicube Magnet Cubes (Magnicube Cubes). The Subject Products were introduced into

commerce sometime after August 2010. Star Networks is a manufacturer, importer and distributor, as those terms are defined in Sections 3(a)(5), (7), (8), (9), (11) and (13) of the CPSA, 15 U.S.C. Section 2052(a)(5),(7), (8), (9), (11) and (13), of Magnicube Spheres and Magnicube Cubes (collectively, the Subject Products). The Subject Products are offered for sale to consumers for their personal use in or around a permanent or temporary household or residence, in recreation or otherwise.

4. On December 17, 2012, Commission staff filed an Administrative Complaint (Complaint) against Star seeking, *inter alia*, a recall of the Subject Products pursuant to Section 15 of the CPSA, as amended, 15 U.S.C. § 2064. The Complaint alleges that the Subject Products present a “substantial product hazard” within the meaning of Section 15(a) of the CPSA, 15 U.S.C. §2064(a). The Complaint alleges that the Subject Products are defective under 15 U.S.C. § 2064(a)(2) because their instructions, packaging and warnings are inadequate, and because a substantial risk of injury arises as a result of the Subject Product’s operation and use and the failure of the Subject Products to operate as intended. The Complaint further alleges that the Subject Products are defective under 15 U.S.C. § 2064(a)(1) because the Subject Products are toys that contain a loose as received hazardous magnet with a flux index greater than 50 in violation of ASTM 963-08 section 3.1.72 and its most recent version, ASTM 963-11 section 3.1.81 (the Toy Standard).

5. Respondent filed an Answer to the Complaint in which it denied that the Subject Products present a substantial product hazard or contain a defect within the meaning of Section 15(a) of the CPSA, 15 U.S.C. § 2064(a) or Section 15(a)(1) of the CPSA, 15 U.S.C. § 2064(a).

Agreement

6. It is the express purpose of the parties in entering into this Consent Agreement to protect the public safety by implementing a voluntary corrective action involving the Subject Products.

7. The parties intend for this Consent Agreement, and the attached Order (the Order), which are hereby incorporated by reference, to resolve staff's charges and requests for relief against Respondent set forth in the Complaint in this proceeding.

8. Respondent admits that the Commission has jurisdiction over the Subject Products as "consumer products" under Section 3 of the CPSA, 15 U.S.C. § 2064(a), and over Respondent.

9. Respondent agrees to implement a voluntary corrective action plan regarding the Subject Products (the CAP), the terms of which shall include the following:

(a) Within one week of the date of the Commission Order, the Commission and Respondent shall issue a press release notifying consumers and retailers of this Consent Agreement and Order. The content of the press release shall be approved in advance by Commission staff.

(b) The press release sent pursuant to subparagraph (a) above shall advise the public that Respondent shall issue refunds to consumers who return the Subject Products. Consumers who return a full set of the Subject Products shall receive a full refund for the purchase price of the magnets. Consumers who return less than a full set of the Subject Products shall receive a refund that is prorated based on the percentage of magnets returned.

(c) Respondent shall issue a refund as described in subparagraph (b), plus a reasonable allowance for mailing costs, by cash or check in a timely manner to all consumers

who return Subject Products pursuant to the CAP within two years of the date of the Commission Order.

(d) Within three weeks of the date of the Commission Order, Respondent shall provide notice of the recall to all consumers who purchased the Subject Products from Respondent. Respondent shall email the press release described in subparagraph (a) to all such consumers, notifying consumers of the recall and how to submit a request for a refund.

(e) Within two weeks of the date of the Commission Order, Respondent shall post a Commission-accepted statement announcing the recall prominently on the home page of www.magnicube.com. Respondent shall maintain such a statement prominently on the Magnicube home page for six months following the date of the Commission Order, and shall maintain a recall link approved by Commission staff prominently on the Magnicube home page for an additional 18 months. All content of the statement and link described herein shall be subject to approval by Commission staff.

(f) Within one week of the date of the Commission Order, Respondent shall announce the CAP described herein through all social media accounts that it maintains, including but not limited to its Facebook and Twitter account, with a link to the recall notice referred to in subparagraph (e). All content of these social media announcements shall be subject to approval by Commission staff.

(g) Respondent shall provide to Commission staff monthly progress reports about the CAP, by the first of each month, using the form available at <http://www.cpsc.gov/en/Media/Documents/Business--Manufacturing/Industry-Guidance/Monthly-Progress-Report/>. Respondent shall ensure that each such report is true and

accurate. Respondent shall provide such reports for two years after the date of the Commission Order.

(h) Respondent shall destroy or dispose of all Subject Products in the distribution chain and in inventory in a timely manner approved by Commission staff, provided however that Respondent shall notify Commission staff prior to the disposal or destruction of the Subject Products so that Commission staff may witness such disposal or destruction of the Subject Products. Respondent shall take all necessary steps prior to destruction or disposal to ensure quarantine of all Subject Products so as to prevent reentry into the stream of commerce.

(i) Respondent agrees that Commission staff may monitor implementation of the CAP through unannounced field investigator verification visits to any of Respondent's places of business.

10. Respondent shall cease all manufacture, importation, distribution and sale of the Subject Products upon Respondent's signing this Consent Agreement.

11. Respondent shall not market, advertise, manufacture, import, distribute, sell or transfer to any person any magnet that fits completely within the cylinder described in 16 C.F.R. § 1501.4 and that has a flux index greater than 50 measured in accordance with the procedure in sections 8.24.1 through 8.24.3 of ASTM F963-11, Standard Consumer Safety Specification for Toy Safety, approved December 1, 2011.

12. Respondent shall fulfill all requirements of the Consent Agreement and Order.

13. This Order is issued under Section 15 of the CPSA (15 U.S.C. § 2064). A violation of this Consent Agreement and Order is a prohibited act within the meaning of Section 19(a)(5) of the CPSA, 15 U.S.C. § 2068(a)(5), and may subject a violator to civil and/or criminal penalties under sections 20 and 21 of the CPSA (15 U.S.C. §§ 2069 and 2070).

14. If the Commission accepts this Consent Agreement pursuant to 16 C.F.R. § 1025.26(f) and issues the Order, then this proceeding, CPSC Docket No. 13-2, shall be dismissed with prejudice.

15. If the Commission rejects this Consent Agreement pursuant to 16 C.F.R. § 1025.26(g), then this Consent Agreement shall be null and void.

16. Pursuant to 16 C.F.R. §1115.20(b) (1) (v), Respondent acknowledges that the Commission reserves the right to seek sanctions against Respondent for any violation of the reporting obligations of Section 15(b) of the CPSA and its right to take appropriate legal action. Respondent further acknowledges that pursuant to 16 C.F.R.

§ 1115.20(b)(1)(x), any interested person may bring an action pursuant to section 24 of the CPSA in any U.S. District Court in the district for which the Consenting Party is found or transacts business to enforce the order and to obtain appropriate injunctive relief.

17. In consideration of the actions set forth in this Consent Agreement in settlement of the allegations in the Complaint, except as stated in paragraph 16, the Commission fully releases, acquits and forever discharges Respondent from all claims, demands, liabilities, actions, or causes of action in connection with any violations of any of the acts or regulations enforced by the Commission arising out of or in any way concerning the manufacturing, importation, distribution, and sale of the Subject Products occurring prior to the date of this Consent Agreement.

18. In consideration of the actions set forth in this Consent Agreement in settlement of the allegations in the Complaint, the Commission fully releases, acquits and forever discharges Star's owners, Daniel Peykar and David Adel, in their individual capacity, from all

claims, demands, liabilities, actions, or causes of action in connection with any violations of any of the acts or regulations enforced by the Commission arising out of or in any way concerning the manufacturing, importation, distribution, and sale of the Subject Products occurring prior to the date of this Consent Agreement.

19. Upon acceptance of the Consent Agreement and issuance of the Order by the Commission, the Commission and Respondent may disclose the terms of this Consent Agreement and Order to the public.

20. This Consent Agreement shall take effect upon final acceptance by the Commission and issuance of the Order.

21. Upon acceptance by the Commission of this Consent Agreement and entry of the Order, Respondent knowingly, voluntarily, and completely waives and relinquishes any past, present, and future right or rights in this matter or any other matter related to the Subject Products: (1) to an administrative or judicial hearing and to all further procedural steps, including findings of fact, conclusions of law, or further determination of whether the Subject Products contain a defect which creates a substantial product hazard within the meaning of Section 15 of the CPSA; (2) to seek judicial review or otherwise contest the validity of this Consent Agreement or Order as issued and entered; (3) to seek judicial review of this or any past order, finding or determination of the Commission or the Presiding Officer in this matter or any other matter related to the Subject Products; and (4) to seek administrative or judicial review of any action by the Commission, Commissioners, and Commission staff relating to the Subject Products.

22. It shall be unlawful to sell, offer for sale, manufacture for sale, distribute in commerce, or import into the United States the Subject Products pursuant to Section 19(a)(2) of the Consumer Product Safety Act, 15 U.S.C. § 2068(a)(2).

23. 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. Respondent acknowledges and agrees that this Consent Agreement and Order are pursuant to the Commission's police power or regulatory power to remedy the risk created by and protect the public from the risk of injury to children, and that this Consent Agreement and Order are not subject to an automatic stay if Respondent becomes the subject of a bankruptcy proceeding.

24. The signing of this Consent Agreement by Respondent does not constitute an admission by Respondent of the existence of a defect in the Subject Products, a substantial product hazard or reportable information pursuant to Section 15(b) of the CPSA, 15 U.S.C. § 2064(b).

25. If, after the effective date hereof, any provision of this Consent Agreement and Order is held to be illegal, invalid, or unenforceable under present or future laws effective during the terms of this Consent Agreement and Order, such provision shall be fully severable. The rest of this Consent Agreement and Order shall remain in full effect, unless the Commission determines that severing the provision materially impacts the voluntary Corrective Action Plan set forth in this Consent Agreement and Order.

26. The provisions of this Consent Agreement and Order shall not be

interpreted or construed against any person or entity because that person or entity or any of its attorneys or representatives drafted or participated in drafting this Consent Agreement. No representations other than those contained in this Consent Agreement and the attached Order, have been made or relied upon by either party in negotiating or executing this Consent Agreement.

27. The provisions of this Consent Agreement and Order shall be interpreted in a reasonable manner to effect its purpose to remedy the hazard that the Complaint alleges the Subject Products pose. In the event of a dispute between the Parties arising under this Consent Agreement and Order, the Parties agree to submit the issue for initial determination by the Commission, without waiver of the jurisdiction of the United States District Courts to preside over the dispute thereafter.

28. The existence of a dispute shall not excuse, toll, or suspend any obligation or deadline established under this Consent Agreement or Order.

29. Respondent hereby waives any claims under the Equal Access to Justice Act (5 U.S.C. § 504), and agrees that each party shall bear its own costs and expenses, including, without limitation, attorneys' fees incurred in connection with this proceeding, CPSC Docket No. 13-2, the Consent Agreement and the transactions contemplated hereby.

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

31. This Consent Agreement may be executed in any number of counterparts.

DATED: JULY 17, 2014

Star Networks USA
Respondent



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DATED: JULY 7 2014

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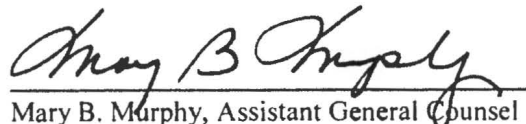
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STAR NETWORKS, USA LLC,)	CPSC DOCKET NO. 13-2
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Respondent.)	DEAN C. METRY
)	Administrative Law Judge

ORDER
IN CAMERA

UPON CONSIDERATION of the Complaint against Respondent and the Consent Agreement appended hereto;

UPON CONSIDERATION of Respondent's admission that the Commission has jurisdiction over Star Networks USA, LLC and the Subject Products, and the Subject Products constitute "consumer products" under the Consumer Product Safety Act (CPSA), 15 U.S.C. § 2052; 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 Respondent and the Commission staff is accepted and incorporated by reference herein, and Respondent shall comply with all of its obligations hereunder.
2. All allegations of the Complaint against Respondent are resolved by this Consent Agreement and Order. Based on the Consent Agreement, the Commission finds that the Consent Agreement and this Order are necessary to protect the public from the hazard presented by the Subject Products.
3. To remedy the substantial product hazard and the substantial risk of injury to

children as alleged in the Complaint, Respondent shall implement a voluntary Corrective Action Plan, pursuant to, and in accordance with, the terms of the Consent Agreement incorporated by reference herein.

4. The above-captioned proceeding is dismissed with prejudice.

5. Any sale, offer for sale, manufacture for sale, distribution in commerce or importation into the United States of the Subject Products shall be a prohibited act under Section 19(a)(2) of the CPSA, 15 U.S.C. § 2068(a)(2).

6. This Order is issued under Section 15 of the CPSA, 15 U.S.C. § 2064. Any violation of this Order is a prohibited act within the meaning of Section 19(a) (5) of the CPSA, 15 U.S.C. § 2068(a) (5), and may subject a violator to civil and/or criminal penalties under Sections 20 and 21 of the CPSA, 15 U.S.C. §§ 2069 and 2070.

7. Any violation of Paragraph 5 of this Order shall be considered a separate prohibited act within the meaning of Section 19(a)(2) of the CPSA, 15 U.S.C. § 2068(a)(2), and may subject a violator to civil and/or criminal penalties under Sections 20 and 21 of the CPSA, 15 U.S.C. §§ 2069 and 2070.

BY ORDER OF THE CONSUMER PRODUCT SAFETY COMMISSION



Todd Stevenson, Office of the Secretariat

DATED: , 2014