

**UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION**

In the Matter of:)
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Sunbeam Products, Inc. d/b/a Jarden
Consumer Solutions

CPSC Docket No.: 16-C0004

SETTLEMENT AGREEMENT

1. In accordance with the Consumer Product Safety Act, 15 U.S.C. §§ 2051 - 2089 (“CPSA”) and 16 C.F.R. § 1118.20, Sunbeam Products, Inc. d/b/a Jarden Consumer Solutions (“the Firm”), and the United States Consumer Product Safety Commission (“Commission”), through its staff, hereby enter into this Settlement Agreement (“Agreement”). The Agreement, and the incorporated attached Order, resolve staff’s charges set forth below.

THE PARTIES

2. The Commission is an independent federal regulatory agency, established pursuant to, and responsible for the enforcement of, the CPSA, 15 U.S.C. §§ 2051 - 2089. By executing the Agreement, staff is acting on behalf of the Commission, pursuant to 16 C.F.R. § 1118.20(b). The Commission issues the Order under the provisions of the CPSA.

3. Sunbeam Products, Inc. d/b/a Jarden Consumer Solutions is a Delaware corporation with its principal corporate offices in Boca Raton, FL.

STAFF CHARGES

4. From 2010 to 2012 the Firm manufactured, imported, distributed, and sold about 520,000 Mr. Coffee Single Cup Brewing System BVMC-KG1 series coffee makers (“Coffee Makers” or “Subject Products”).

5. The Coffee Makers are “consumer products” “distributed in commerce,” as those terms are defined or used in section 3(a)(5) and (8) of the CPSA, 15 U.S.C. § 2052(a)(5) and (8). The Firm is a “manufacturer” of the Subject Products, as such term is defined in section 3(a)(11) of the CPSA, 15 U.S.C. § 2052(a)(11).

6. The Firm had information reasonably supporting the conclusion that the Coffee Makers are defective or created an unreasonable risk of serious injury or death in that a build-up of steam pressure can force the brewing chamber open and expel hot water and hot coffee grounds towards consumers, creating a burn risk to consumers.

7. Between 2011 and 2012 the Firm received numerous complaints of the Subject Products’ chamber opening and expelling hot water and hot coffee grounds towards consumers. The complaints included reports of at least 32 consumers being burned by the Subject Products.

8. Despite having information reasonably supporting the conclusion that the Coffee Makers contain a defect which could create a substantial product hazard or created an unreasonable risk of serious injury or death, the Firm did not immediately notify the Commission, as required by section 15(b)(3) and (4) of the CPSA, 15 U.S.C. § 2064(b)(3) and (4).

9. In failing to inform the Commission immediately about the Coffee Makers, the Firm knowingly violated section 19(a)(4) of the CPSA, 15 U.S.C. §

2068(a)(4), as the term “knowingly” is defined in section 20(d) of the CPSA, 15 U.S.C. § 2069(d).

10. Pursuant to section 20 of the CPSA, 15 U.S.C. § 2069, the Firm is subject to civil penalties for its knowing violation of section 19(a)(4) of the CPSA, 15 U.S.C. § 2068(a)(4).

RESPONSE OF SUNBEAM PRODUCTS, INC.
D/B/A JARDEN CONSUMER SOLUTIONS

11. The Firm’s settlement of this matter does not constitute an admission that it had reportable information as set forth in paragraphs 4 through 10.

12. The Firm conducted an investigation about consumer complaints relating to the Subject Products’ brewing chamber opening to try to determine the cause of these events. After an extensive investigation, the Firm eventually determined that these incidents were related to circumstances that it had not anticipated, i.e., a buildup of steam within the Subject Products’ hot water tank, which the Firm believes was caused by brewing a second cup of coffee with four ounces or less of water added to the hot water tank immediately after an initial eight ounce brew, without changing the coffee pod. The Subject Products’ instructions provided that coffee be brewed by filling the brewing chamber to its fill line (i.e. eight ounces of water). When filled to the fill line, the Subject Products did not create steam and thus did not result in the chamber opening. After its investigation, the Firm voluntarily filed a report under Section 15(b) of the CPSA with the Commission. 15 U.S.C. § 2064(b).

13. The Firm has agreed to pay this civil penalty because the CPSA defines a “knowing” violation of section 19(a)(4), 15 U.S.C. § 2069(d), to include a party that is “presumed [to] have[] knowledge deemed to be possessed by a reasonable man who acts

in the circumstances . . .” and has agreed to the terms in paragraphs 20 and 21 to enhance the Firm’s continued and future compliance with the CPSA.

AGREEMENT OF THE PARTIES

14. Under the CPSA, the Commission has jurisdiction over the matter involving the Subject Products described herein and over the Firm.

15. The parties enter into the Agreement for settlement purposes only. The Agreement does not constitute an admission by the Firm or a determination by the Commission that the Firm violated the CPSA’s reporting requirements.

16. In settlement of staff’s charges, and to avoid the cost, distraction, delay, uncertainty, and inconvenience of protracted litigation or other proceedings, the Firm shall pay a civil penalty in the amount of four million, five hundred thousand dollars (\$4,500,000) within thirty (30) calendar days after receiving service of the Commission’s final Order accepting the Agreement. The payment shall be made by electronic wire transfer to the Commission via: <http://www.pay.gov>.

17. After staff receives this Agreement executed on behalf of the Firm, staff shall promptly submit the Agreement to the Commission for provisional acceptance. Promptly following provisional acceptance of the Agreement by the Commission, the Agreement shall be placed on the public record and published in the *Federal Register*, in accordance with the procedures set forth in 16 C.F.R. § 1118.20(e). If the Commission does not receive any written request not to accept the Agreement within fifteen (15) calendar days, the Agreement shall be deemed finally accepted on the 16th calendar day after the date the Agreement is published in the *Federal Register*, in accordance with 16 C.F.R. § 1118.20(f).

18. This Agreement is conditioned upon, and subject to, the Commission's final acceptance, as set forth above, and it is subject to the provisions of 16 C.F.R § 1118.20(h). Upon the later of: (i) the Commission's final acceptance of this Agreement and service of the accepted Agreement upon the Firm, and (ii) the date of issuance of the final Order, this Agreement shall be in full force and effect and shall be binding upon the parties.

19. Effective upon the later of: (i) the Commission's final acceptance of the Agreement and service of the accepted Agreement upon the Firm, and (ii) and the date of issuance of the final Order, for good and valuable consideration, the Firm hereby expressly and irrevocably waives and agrees not to assert any past, present, or future rights to the following, in connection with the matter described in this Agreement: (i) an administrative or judicial hearing; (ii) judicial review or other challenge or contest of the Commission's actions; (iii) a determination by the Commission of whether the Firm failed to comply with the CPSA and the underlying regulations; (iv) a statement of findings of fact and conclusions of law; and (v) any claims under the Equal Access to Justice Act.

20. The Firm shall maintain a compliance program designed to ensure compliance with the CPSA with respect to any consumer product imported, manufactured, distributed or sold by the Firm, and which shall contain the following elements:

(i) written standards, policies and procedures, including those designed to ensure that information that may relate to or impact CPSA compliance (including

- information obtained by quality control personnel) is conveyed effectively to personnel responsible for CPSA compliance;
- (ii) a mechanism for confidential employee reporting of compliance-related questions or concerns to either a compliance officer or to another senior manager with authority to act as necessary;
 - (iii) effective communication of company compliance-related policies and procedures regarding the CPSA to all applicable employees through training programs or otherwise;
 - (iv) the Firm's senior management responsibility for, and general board oversight of, CPSA compliance; and
 - (v) retention of all CPSA compliance-related records for at least five (5) years, and availability of such records to staff upon reasonable request.

21. The Firm has, and shall maintain and enforce, a system of internal controls and procedures designed to ensure that, with respect to all consumer products imported, manufactured, distributed or sold by the Firm: (i) information required to be disclosed by the Firm to the Commission is recorded, processed and reported in accordance with applicable law; (ii) all reporting made to the Commission is timely, truthful, complete, accurate and in accordance with applicable law; and (iii) prompt disclosure is made to the Firm's management of any significant deficiencies or material weaknesses in the design or operation of such internal controls that are reasonably likely to affect adversely, in any material respect, the Firm's ability to record, process and report to the Commission in accordance with applicable law.

22. Upon reasonable request of staff, the Firm shall provide written documentation of its internal controls and procedures, including, but not limited to, the effective dates of the procedures and improvements thereto. The Firm shall cooperate fully and truthfully with staff and shall make available all non-privileged information and materials, and personnel deemed necessary by staff to evaluate the Firm's compliance with the terms of the Agreement.

23. The parties acknowledge and agree that the Commission may publicize the terms of the Agreement and the Order.

24. The Firm represents that the Agreement: (i) is entered into freely and voluntarily, without any degree of duress or compulsion whatsoever; (ii) has been duly authorized; and (iii) constitutes the valid and binding obligation of the Firm, enforceable against the Firm in accordance with its terms. The Firm will not directly or indirectly receive any reimbursement, indemnification, insurance-related payment, or other payment in connection with the civil penalty to be paid by the Firm pursuant to the Agreement and Order. The individuals signing the Agreement on behalf of the Firm represent and warrant that they are duly authorized by the Firm to execute the Agreement.

25. The Agreement is governed by the laws of the United States.

26. The Agreement and the Order shall apply to, and be binding upon, the Firm and each of its successors, transferees, and assigns, and a violation of the Agreement or Order may subject the Firm, and each of its successors, transferees and assigns, to appropriate legal action.

27. The Agreement and the Order constitute the complete agreement between the parties regarding the Firm's obligation to file a report about the Subject Products under sections 15(b)(3) and (4) of the CPSA, 15 U.S.C. § 2064(b)(3) and (4).

28. The Agreement may be used in interpreting the Order. Understandings, agreements, representations, or interpretations apart from those contained in the Agreement and the Order may not be used to vary or contradict their terms. For purposes of construction, the Agreement shall be deemed to have been drafted by both of the parties and shall not, therefore, be construed against any party for that reason in any subsequent dispute.

29. The Agreement may not be waived, amended, modified, or otherwise altered, except as in accordance with the provisions of 16 C.F.R. § 1118.20(h). The Agreement may be executed in counterparts.

30. If any provision of the Agreement or the Order is held to be illegal, invalid, or unenforceable under present or future laws effective during the terms of the Agreement and the Order, such provision shall be fully severable. The balance of the Agreement and the Order shall remain in full force and effect, unless the Commission and the Firm agree in writing that severing the provision materially affects the purpose of the Agreement and the Order.

(continued on next page)

SUNBEAM PRODUCTS, INC. D/B/A JARDEN CONSUMER SOLUTIONS

By: Kyle E. Kaiser Date: 5/25/16
Kyle E. Kaiser
Senior Vice President Operations
Sunbeam Products, Inc., d/b/a/ Jarden Consumer Solutions
2381 NW Executive Center Drive
Boca Raton, FL 33431

By: _____ Date: _____
David P. Callet, Esq.
CalletLaw, LLC
5335 Wisconsin Ave. N.W., Suite 440
Washington, D.C. 20015

U.S. CONSUMER PRODUCT SAFETY COMMISSION

Mary T. Boyle
Acting General Counsel

Melissa V. Hampshire
Assistant General Counsel

By: _____ Date: _____
Alexander W. Dennis
Attorney
Division of Enforcement and Information
Office of the General Counsel

SUNBEAM PRODUCTS, INC. D/B/A JARDEN CONSUMER SOLUTIONS

By: _____ Date: _____

Kyle E. Kaiser
Senior Vice President Operations
Sunbeam Products, Inc., d/b/a/ Jarden Consumer Solutions
2381 NW Executive Center Drive
Boca Raton, FL 33431

By: *D.P. Callet* Date: 5/25/16

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U.S. CONSUMER PRODUCT SAFETY COMMISSION

Mary T. Boyle
Acting General Counsel

Melissa V. Hampshire
Assistant General Counsel

By: _____ Date: _____

Alexander W. Dennis
Attorney
Division of Enforcement and Information
Office of the General Counsel

SUNBEAM PRODUCTS, INC. D/B/A JARDEN CONSUMER SOLUTIONS

By: _____ Date: _____

Kyle E. Kaiser
Senior Vice President Operations
Sunbeam Products, Inc., d/b/a/ Jarden Consumer Solutions
2381 NW Executive Center Drive
Boca Raton, FL 33431

By: _____ Date: _____

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Mary T. Boyle
Acting General Counsel

Melissa V. Hampshire
Assistant General Counsel

By: Alexander W. Dennis Date: 5/25/16

Alexander W. Dennis
Attorney
Division of Enforcement and Information
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Sunbeam Products, Inc. d/b/a Jarden)	CPSC Docket No.: 16-C0004
Consumer Solutions)	
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ORDER

Upon consideration of the Settlement Agreement entered into between Sunbeam Products, Inc. d/b/a Jarden Consumer Solutions (the “Firm”) and the U.S. Consumer Product Safety Commission (“Commission”), and the Commission having jurisdiction over the subject matter and over the Firm, and it appearing that the Settlement Agreement and the Order are in the public interest, it is:

ORDERED that the Settlement Agreement be, and is, hereby, accepted; and it is

FURTHER ORDERED that Sunbeam Products, Inc. d/b/a Jarden Consumer Solutions shall comply with the terms of the Settlement Agreement and shall pay a civil penalty in the amount of four million, five hundred thousand dollars (\$4,500,000) within thirty (30) days after service of the Commission’s final Order accepting the Settlement Agreement. The payment shall be made by electronic wire transfer to the Commission via: <http://www.pay.gov>. Upon the failure of the Firm to make the foregoing payment when due, interest on the unpaid amount shall accrue and be paid by the Firm at the federal legal rate of interest set forth at 28 U.S.C. § 1961(a) and (b). If the Firm fails to make such payment or to comply in full with any other provision of the Settlement

Agreement, such conduct will be considered a violation of the Settlement Agreement and Order.

Provisionally accepted and provisional Order issued on the 2nd day of June, 2016.

BY ORDER OF THE COMMISSION:



Todd A. Stevenson, Secretary
U.S. Consumer Product Safety Commission

Finally accepted and final Order issued on the _____ day of _____, 2016.

BY ORDER OF THE COMMISSION:

Todd A. Stevenson, Secretary
U.S. Consumer Product Safety Commission