

UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION

In the Matter of)
)
DOLLAR GENERAL)
CORPORATION)
_____)

CPSC Docket No. 09-C0029

SETTLEMENT AGREEMENT

1. In accordance with 16 C.F.R. § 1118.20, Dollar General Corporation ("DGC"), for itself and on behalf of its wholly owned subsidiaries referenced in paragraph three (collectively referred to as "Dollar General"), and the staff ("Staff") of the United States Consumer Product Safety Commission ("CPSC" or the "Commission") enter into this Settlement Agreement ("Agreement"). The Agreement and the incorporated attached Order ("Order") settle the Staff's allegations set forth below.

PARTIES

2. The Commission is an independent federal regulatory agency established pursuant to, and responsible for the enforcement of, the Consumer Product Safety Act, 15 U.S.C. §§ 2051 – 2089 ("CPSA").

3. DGC is a corporation organized and existing under the laws of Tennessee, with its principal offices located in Goodlettsville, Tennessee. At all times relevant hereto, the following wholly owned subsidiaries of DGC had principal offices located in Goodlettsville, Tennessee. Dollar General Merchandising, Inc. ("DGMI"), a corporation, and DG Retail, LLC, a limited liability company, were entities organized and existing under the laws of Tennessee. Dolgencorp, Inc. ("Dolgencorp," Dolgencorp of Texas, Inc., and Dolgencorp of New York, Inc. were corporations, and Dollar General Partners was a partnership, organized and existing under the laws of Kentucky. (DG Retail LLC, Dolgencorp, Dolgencorp of Texas, Inc., Dolgencorp of New York, Inc., and Dollar General Partners,

are collectively referred to as the "Retail Subsidiaries.") At all times relevant hereto, Dollar General imported and/or sold toys and other children's products, among other general merchandise.

STAFF ALLEGATIONS

4. During September 2007, DGMI imported into the United States about 63,000 units of green, plastic Frankenstein head-shaped Tumblers ("Tumbler(s)"). The Tumblers were, in turn, offered for sale or sold to consumers at retail stores nationwide owned or operated by DGC or one of its Retail Subsidiaries in September 2007 for about \$1 per unit.

5. Between April 2007 and July 2007, DGMI imported about 380,000 Pull-Back Action Toy Cars, comprising two styles that included a four pack of "Super Wheels" (UPC #400016576344) and a two pack of "Super Racer" cars (UPC # 883788965002) ("Toy Car(s)"). The Toy Cars were, in turn, offered for sale or sold to consumers at retail stores nationwide owned or operated by DGC or one of its Retail Subsidiaries from April 2007 through October 2007 for about \$1 per pack.

6. Between March 2005 and October 2007, Dolgencorp imported about 51,000 Children's Sunglasses, yellow in color, with the word "CHINA" printed on the left side of the frame, and the UPC #400007860896 and words "Fashion Sunglasses" and "Time to Play Every Day" printed on the product's red hangtag ("Sunglasses"). The Sunglasses were, in turn, offered for sale or sold to consumers at retail stores nationwide owned or operated by DGC or one of its Retail Subsidiaries from March 2005 through October 2007 for about \$1 per unit.

7. The Tumblers, Toy Cars and Sunglasses are "consumer product(s)," and, at all times relevant hereto, Dollar General was a "manufacturer" and/or a "retailer" of those consumer product(s), which were "distributed in commerce," as those terms are defined in CPSA sections 3(a)(3), (5), (8), (11), and (13), 15 U.S.C. §§ 2052(a)(3), (5), (8), (11), and (13).

8. The Tumblers, Toy Cars and Sunglasses are articles intended to be entrusted to or for use by children, and, therefore, are subject to the requirements of the Commission's Ban of Lead-

Containing Paint and Certain Consumer Products Bearing Lead-Containing Paint, 16 C.F.R. Part 1303 (the "Ban"). Under the Ban, toys and other children's articles must not bear "lead-containing paint," defined as paint or other surface coating materials whose lead content is more than 0.06 percent of the weight of the total nonvolatile content of the paint or the weight of the dried paint film. 16 C.F.R. § 1303.2(b)(1)

9. On September 28, 2007, the Staff obtained from the University of Ashland's Department of Chemistry laboratory results relating to, in pertinent part, testing for the presence of lead in surface paints on samples of the Tumblers collected from a DGC retail store in Ashland, Ohio. The University's test results demonstrated that paint from the center of the eye on certain Tumbler samples contained a total lead content in excess of the permissible 0.06 percent limit set forth in the Ban.

10. On October 12, 2007, Dollar General reported to CPSC that it had commissioned an independent laboratory to conduct validation testing for the presence of lead in surface coatings on a sample of the Sunglasses. As expressed in a test report of the same date, the test results demonstrated that the yellow surface coating and gold surface coating (printing on sample) contained a total lead content in excess of the permissible 0.06 percent limit set forth in the Ban.

11. On November 6, 2007, Dollar General reported to CPSC that it had commissioned an independent laboratory to conduct testing for the presence of lead in surface coatings on multiple samples of the Toy Cars. As expressed in two test reports dated November 5, 2007, the test results demonstrated that samples of the "4-pack" and "2-pack" Toy Cars contained a total lead content in excess of the permissible 0.06 percent limit set forth in the Ban.

12. On October 4, 2007, the Commission and DGMI announced a consumer-level recall of about 63,000 units of the Tumblers because "Surface paint on the center of the eyes of some of the cups can contain high levels of lead, violating the federal lead paint standard." On November 7, 2007,

the Commission and DGMI announced a recall of about 380,000 units of the Toy Cars because "Surface paint on the cars contains excessive levels of lead, violating the federal lead paint standard." On the next day, November 8, 2007, the Commission and Dolgencorp likewise announced a recall of about 51,000 units of the Sunglasses because "The yellow surface paint on the sunglasses may contain excessive levels of lead, violating the federal lead paint standard."

13. Although Dollar General reported no incidents or injuries associated with the Tumblers, Sunglasses and Toy Cars, it failed to take adequate action to ensure that none would bear or contain lead-containing paint, thereby creating a risk of lead poisoning and adverse health effects to children.

14. The Tumblers, Sunglasses and Toy Cars constitute "banned hazardous products" under CPSA section 8 and the Ban, 15 U.S.C. § 2057 and 16 C.F.R. § 1303.1(a)(1), 1303.4(b), in that they bear or contain paint or other surface coating materials whose lead content exceeds the permissible limit of 0.06 percent of the weight of the total nonvolatile content of the paint or the weight of the dried paint film.

15. Between March 2005 and October 2007, Dollar General sold, manufactured for sale, offered for sale, distributed in commerce, or imported into the United States, or caused one or more of such acts, with respect to the aforesaid banned hazardous Tumblers, Sunglasses and Toy Cars, in violation of section 19(a)(1) of the CPSA, 15 U.S.C. § 2068(a)(1). Dollar General committed these prohibited acts "knowingly," as that term is defined in section 20(d) of the CPSA, 15 U.S.C. § 2069(d).

16. Pursuant to section 20 of the CPSA, 15 U.S.C. § 2069, Dollar General is subject to civil penalties for the aforementioned violations.

DOLLAR GENERAL'S RESPONSIVE ALLEGATIONS

17. Dollar General denies that it knowingly violated the CPSA.

18. Dollar General states that the vendors of the Tumblers, Sunglasses and Toy Cars each represented and warranted to Dollar General that the products furnished by the applicable vendor complied with all applicable laws, regulations and standards. Additionally, prior to importing the Tumblers, Sunglasses and Toy Cars, Dollar General had the products tested by a qualified independent third party laboratory for all applicable safety standards, including, without limitation, lead paint standards. The tests indicated that the products were fully compliant.

19. Thus, Dollar General neither knew, nor should have known, of any potential problems with these products. However, as a result of industry changes and in an abundance of caution, Dollar General voluntarily commenced validation re-testing of toys to confirm initial test results. Dollar General tested hundreds of samples and, of those, discovered that two, the Sunglasses and Toy Cars, did not meet applicable standards. Dollar General notified the CPSC of the results and promptly initiated a voluntary recall of the items.

AGREEMENT OF THE PARTIES

20. Under the CPSA, the Commission has jurisdiction over this matter and over Dollar General.

21. The parties enter into the Agreement for settlement purposes only. The Agreement does not constitute an admission by Dollar General, or a determination by the Commission, that Dollar General has knowingly violated the CPSA.

22. In settlement of the Staff's allegations, DGC shall pay, on behalf of Dollar General, a civil penalty in the amount of one hundred thousand dollars (\$100,000.00) within twenty (20) calendar days of service of the Commission's final Order accepting the Agreement. This payment shall be made by check payable to the order of the United States Treasury.

23. Upon the Commission's provisional acceptance of the Agreement, 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). In accordance with 16 C.F.R. § 1118.20(f), if the Commission does not receive any written request not to accept the Agreement within fifteen (15) days, the Agreement shall be deemed finally accepted on the sixteenth (16th) day after the date it is published in the *Federal Register*.

24. Upon the Commission's final acceptance of the Agreement and issuance of the final Order, Dollar General knowingly, voluntarily, and completely waives any rights it may have in this matter to the following: (1) an administrative or judicial hearing; (2) judicial review or other challenge or contest of the validity of the Commission's Order or actions; (3) a determination by the Commission of whether Dollar General failed to comply with the CPSA and its underlying regulations; (4) a statement of findings of fact and conclusions of law; and (5) any claims under the Equal Access to Justice Act.

25. The Commission may publicize the terms of the Agreement and Order.

26. The Agreement and Order shall apply to, and be binding upon, Dollar General and each of its successors and assigns.

27. The Commission issues the Order under the provisions of the CPSA, and violation of the Order may subject those referenced in paragraph 26 above to appropriate legal action.

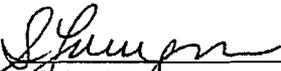
28. The Agreement may be used in interpreting the Order. Understandings, agreements, representations, or interpretations apart from those contained in the Agreement and Order may not be used to vary or contradict its terms. The Agreement shall not be waived, amended, modified, or otherwise altered, without written agreement thereto executed by the party against whom such waiver, amendment, modification, or alteration is sought to be enforced.

29. If any provision of the Agreement and Order is held to be illegal, invalid, or unenforceable under present or future laws effective during the terms of the Agreement and Order, such provision shall be fully severable. The balance of the Agreement and Order shall remain in full

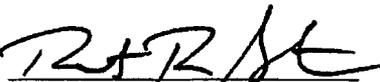
force and effect, unless the Commission and Dollar General agree that severing the provision materially affects the purpose of the Agreement and Order.

DOLLAR GENERAL CORPORATION

Dated: June 24, 2009

By: 
Susan S. Lanigan
Executive Vice President and General Counsel
Dollar General Corporation
100 Mission Ridge
Goodlettsville, TN 37072

Dated: June 24, 2009

By: 
Robert R. Stephenson, Deputy General Counsel
Dollar General Corporation

U.S. CONSUMER PRODUCT SAFETY COMMISSION
STAFF

Cheryl A. Falvey
General Counsel
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Assistant General Counsel
Office of the General Counsel

Dated: JUNE 25, 2009

By: 
Neal S. Cohen, Trial Attorney
Division of Compliance
Office of the General Counsel

By: 
M. Reza Malih, Trial Attorney
Division of Compliance
Office of the General Counsel

UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION

In the Matter of)
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DOLLAR GENERAL)
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CPSC Docket No. 09-C0029

ORDER

Upon consideration of the Settlement Agreement entered into between Dollar General Corporation ("DGC"), for itself and on behalf of its wholly owned subsidiaries, Dollar General Merchandising, Inc., DG Retail, LLC, Dolgencorp, Inc., Dolgencorp of Texas, Inc., Dolgencorp of New York, Inc., and Dollar General Partners (collectively referred to as "Dollar General"), and the U.S. Consumer Product Safety Commission ("Commission") staff, and the Commission having jurisdiction over the subject matter and over Dollar General, and it appearing that the Settlement Agreement and Order are in the public interest, it is

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

FURTHER ORDERED, that DGC shall pay, on behalf of Dollar General, a civil penalty in the amount of one hundred thousand dollars (\$100,000.00) within twenty (20) calendar days of service of the Commission's final Order accepting the Agreement. The payment shall be made by check payable to the order of the United States Treasury.

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Upon the failure of DGC to make any of the foregoing payments when due, interest on the unpaid amount shall accrue and be paid by DGC at the federal legal rate of interest set forth at 28 U.S.C. § 1961(a) and (b).

Provisionally accepted and provisional Order issued on the 8th day of July, 2009.

BY ORDER OF THE COMMISSION:



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