

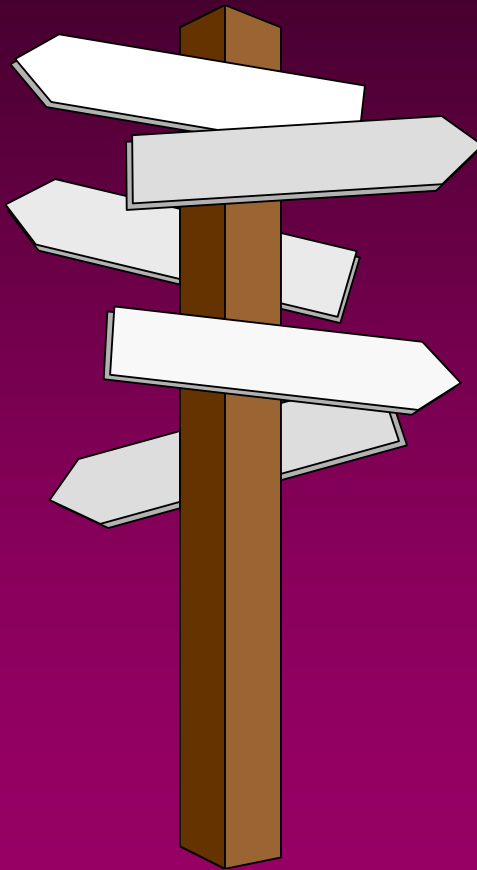
Corporate Response to CPSC Challenge
Legal, Technical, and Public Relations Issues

Kathleen M. Sanzo, Esq.

ICPHSO 9th Annual Meeting
American Bar Association Product
Safety Seminar

Morgan Lewis
C O U N S E L O R S A T L A W

Areas of Consideration



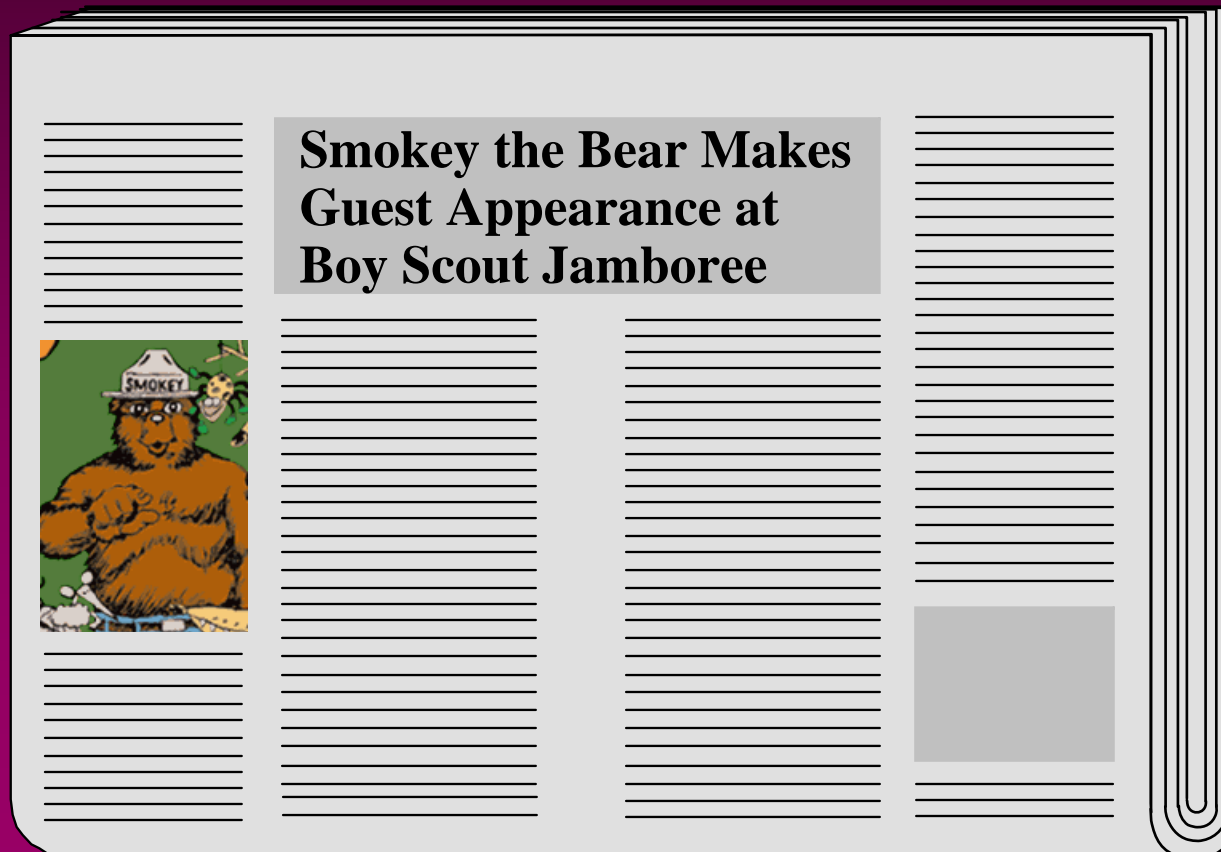
- Legal Strategy
- Evidentiary Issues
- Public Relations/Crisis Communications

Facts

- Transformer inside “PathwaysCorporation” Commercial Lighting System heats up and produces smoke
- Smoking Light inside mall noticed by Maintenance Crew during Boy Scout Jamboree being held in Mall

Facts

Local Paper Reads:



Facts

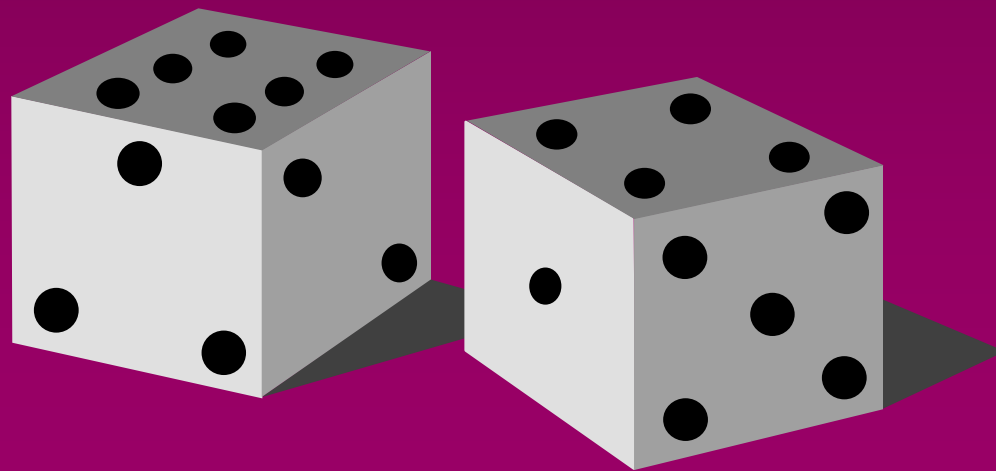
- CPSC conducted broad inquiry, has hundreds of documents, including many reports of similar incidents
- CPSC attempted negotiation of recall over last 6 months
- CPSC will not commit to conclusion that, based on existing evidence, this was not a reportable series of events

Facts

- Parties are at an Impasse:
- Manufacturer does not agree that there is a SPH or Substantial Risk of Serious Injury or Death; obviously no 15(b) report was due;
- CPSC “where there’s smoke there’s fire” wants full blown recall with estimated price tag of \$18 million; likely to seek penalties for failure to report

Facts

- CPSC has threatened to take some kind of legal action in 5 days
- Company Board demands briefing on the corporate strategy for this matter, including scope and nature of possible exposure and risks



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