

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

In the Matter of:)	
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GENERAL ELECTRIC COMPANY)	CPSC Docket No.: 15-C0003
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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, General Electric Company (“GE” or “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. GE is a corporation, organized and existing under the laws of the state of New York, with its principal place of business in Fairfield, CT. GE Appliances (“GEA” or “GE Appliances”) is an unincorporated business unit of GE that is located in Louisville, KY.

STAFF CHARGES

GE RANGES

4. Between June 2002 through December 2004, GE imported into the United States approximately 28,000 dual fuel ranges (the Range). The Range was sold through department and appliance stores nationwide for approximately \$1,300 to \$2,000 between June 2002 and December 2005.

5. The Range is a 30-inch wide GE Profile Dual Fuel Freestanding Range with an electric range with gas cooktop burners. The Range is a “consumer product” “distributed in commerce,” as those terms are defined or used in sections 3(a)(5), (8), and (11) of the CPSA, 15 U.S.C. § 2052(a)(5), (8), and (11). At all relevant times, GE was a “manufacturer” of the Range, as such term is defined or used in sections 3(a)(11) of the CPSA, 15 U.S.C. § 2052(a)(11).

6. The Range is defective because a connector in the wire harness at the rear of the Range can overheat, posing a fire and burn hazard to consumers.

7. GE first received notice of a possible Range failure in 2003, when a consumer reported to GE that she had called the fire department because the Range had caught fire while it was pre-heating. A GE technician noted that the wiring had shorted out. By the end of 2004, GE received four more consumer complaints of fire or melted wires. In 2004, GE technicians examined several of the Ranges involved in the consumer complaints and confirmed that the wiring harness at the rear of the Range could overheat, causing a fire hazard.

8. In December 2004, to reduce the risk of an overheated connector, GE redesigned the Range to remove the connectors in the wiring harness. By this time, GE had obtained sufficient information that reasonably supported the conclusion that the Range contained a defect or possible defect which could create a substantial product hazard or created an unreasonable risk

of serious injury or death. GE was required to inform the Commission immediately of such defect or risk, as required by sections 15(b)(3) and (4) of the CPSA, 15 U.S.C. § 2064(b)(3) and (4).

9. After the redesign of the Range, GE continued to receive reports from consumers of overheated wiring and fires that occurred in the back of the Range.

10. Despite having information regarding the Range's defect or risk, GE failed to inform the Commission immediately of such defect or risk, as required by sections 15(b)(3) and (4) of the CPSA, 15 U.S.C. §§ 2064(b)(3) and (4).

11. GE did not file its Full Report with the Commission until February 25, 2009. GE recalled the Range on April 8, 2009. By that time, GE was aware of an additional eight reports of harness and wiring overheating in the back of the Range, including five in which the consumer reported that the unit or wiring caught fire. GE failed to update the Commission regarding these new incidents.

GE DISHWASHERS

12. Between July 2003 and December 2006, GE manufactured approximately 174,000 stainless steel tub dishwashers (the Dishwasher). The Dishwasher was sold through department and appliance stores nationwide for approximately \$750 to \$1,400 between July 2003 and October 2010.

13. The Dishwasher was sold under brand name of GE Profile or GE Monogram. The Dishwasher is a "consumer product" "distributed in commerce," as those terms are defined or used in sections 3(a)(5), (8), and (11) of the CPSA, 15 U.S.C. § 2052(a)(5), (8), and (11). At all relevant times, GE was a "manufacturer" of the Dishwasher, as such term is defined or used in sections 3(a)(11) of the CPSA, 15 U.S.C. § 2052(a)(11).

14. The Dishwasher is defective because it can short circuit due to electrolytic condensate on the control board. The short circuit can result in an overheated connector in the dishwasher, posing a fire and burn hazard to consumers.

15. GE first received notice of a possible Dishwasher control-related incident in 2007, when a consumer reported to GE that his dishwasher had caught fire in the middle of the night due to an overheated control panel. In 2008 and 2009, GE received more reports of Dishwasher control-related fires, and GE paid out insurance settlements to several consumers based on these reports. Many of these reports explicitly alleged a fire that originated at the control panel within the Dishwasher's metal door.

16. Despite this information, GE did not file a Full Report concerning the Dishwasher with the Commission until September 14, 2010. GE recalled the Dishwasher on October 26, 2010.

17. In failing to inform the Commission about the Range or Dishwasher (together, "Subject Products") immediately, GE 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).

18. Pursuant to section 20 of the CPSA, 15 U.S.C. § 2069, GE is subject to civil penalties for its knowing failure to report, as required under section 15(b) of the CPSA, 15 U.S.C. § 2064(b).

RESPONSE OF GENERAL ELECTRIC COMPANY

19. GE does not admit the staff's charges set forth in paragraphs 4 through 18 above, including, but not limited to, the charge that the Subject Products contained a defect that could create a substantial product hazard or created an unreasonable risk of serious injury or death, and

the charge that GE failed to notify the Commission in a timely manner, in accordance with section 15(b) of the CPSA, 15 U.S.C. § 2064(b).

20. GE enters into this Agreement to settle this matter without the delay and expense of litigation. GE enters into this Agreement and agrees to pay the amount referenced below in compromise of the staff's charges.

21. GE voluntarily notified the Commission in connection with the Ranges in February 2009. GE was (and is) not aware of any report of injury associated with the Ranges and reported issue. GE voluntarily notified the Commission in connection with the Dishwashers in August 2010. GE was (and is) not aware of any report of serious injury associated with the Dishwashers and reported issue. GE carried out voluntary recalls in cooperation with the Commission and acted to reduce the potential risk of injury.

22. At all relevant times, GEA has had a product safety compliance program, including dedicated product safety personnel, new product qualification design and testing safety-related requirements, written product safety compliance policies, and written procedures for notifying the Commission about potential safety issues, in accordance with section 15(b) of the CPSA. GEA's product safety compliance program, including its policies and procedures, has been enhanced over time, as appropriate.

AGREEMENT OF THE PARTIES

23. Under the CPSA, the Commission has jurisdiction over the matter involving the Products described herein and over GE.

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

25. In settlement of staff's charges, and to avoid the cost, distraction, delay, uncertainty, and inconvenience of protracted litigation or other proceedings, GE shall pay a civil penalty in the amount of three million, five hundred thousand dollars (\$3,500,000) within twenty (20) 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>.

26. After staff receives this Agreement executed on behalf of GE, 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).

27. 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) Commission's final acceptance of this Agreement and service of the accepted Agreement upon GE, 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.

28. Effective upon the later of: (i) the Commission's final acceptance of the Agreement and service of the accepted Agreement upon GE, and (ii) the date of issuance of the final Order, for good and valuable consideration, GE 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 GE 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.

29. GE represents and agrees that GEA has and shall maintain a compliance program designed to ensure compliance with sections 15(b) of the CPSA with respect to any consumer product imported, manufactured, and/or distributed by GEA. In addition to the program components set out in paragraph 22 of this Agreement, GE represents and agrees that GEA's compliance program contains and shall continue to contain the following elements: (i) written standards and policies; (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 CPSA sections 15(b) to all applicable employees through training programs or otherwise; (iv) GEA senior management responsibility for, and general board oversight of, compliance; and (v) retention of all compliance-related records for at least five (5) years, and availability of such records to staff upon reasonable request.

30. GE represents and agrees that GEA 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, and/or distributed by GEA: (i) information required to be disclosed by GE 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 GE'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, GEA's ability to record, process, and report to the Commission in accordance with applicable law.

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

32. The parties acknowledge and agree that the Commission may publicize the terms of the Agreement and the Order. Any press release shall substantially conform to the terms of this Settlement Agreement.

33. GE 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 GE, enforceable against GE in accordance with its terms. GE also represents that GE 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 GE pursuant to the Agreement and Order. The individuals signing the Agreement on behalf of GE represent and warrant that they are duly authorized by GE to execute the Agreement.

34. The Commission signatories represent that they are signing the Agreement in their official capacities and that they are authorized to execute this Agreement.

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

36. Except as set forth in Paragraph 37, the Agreement and the Order shall apply to, and be binding upon, GE and each of its successors, transferees, and assigns, and a violation of the Agreement or Order may subject GE, and each of its successors, transferees and assigns, to appropriate legal action.

37. Paragraphs 29–31 of the Agreement shall apply to, and be binding upon, GE, unless and until GE no longer owns GEA, at which time Paragraphs 29–31 only shall apply to, and be binding upon, each of GE’s successors, transferees, and assigns that acquire GEA.

38. The Agreement and the Order constitute the complete agreement between the parties on the subject matter contained therein.

39. 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.

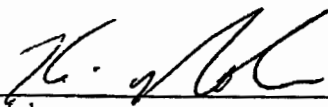
40. The Agreement may not be waived, amended, modified, or otherwise altered, except as in accordance with the provisions of 16 C.F.R. § 1118.20(h). The Agreement may be executed in counterparts.

41. 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 GE agree in writing that severing the provision materially affects the purpose of the Agreement and the Order.

(continued on next page)

GENERAL ELECTRIC COMPANY

Dated: Feb 4, 2015

By: 
Kevin Nolan

Vice President, Technology
GE Appliances, a division of the General Electric Company
Buechel Bank Road
Louisville, KY 40225

Dated: _____

By: _____
Eric A. Rubel
Counsel to General Electric Company
Arnold & Porter LLP
555 Twelfth Street, NW
Washington, DC 20004-1206

U.S. CONSUMER PRODUCT SAFETY
COMMISSION

Stephanie Tsacoumis
General Counsel

Mary Boyle
Deputy General Counsel

Mary B. Murphy
Assistant General Counsel

Dated: _____

By: _____
Jennifer C. Argabright, Trial Attorney
Division of Compliance
Office of the General Counsel

GENERAL ELECTRIC COMPANY

Dated: _____

By: _____

Kevin Nolan
Vice President, Technology
GE Appliances, a division of the General Electric Company
Buechel Bank Road
Louisville, KY 40225

Dated: 2/3/2015

By: 

Eric A. Rubel
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Assistant General Counsel

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Assistant General Counsel

Dated: 2/3/2015

By: Jennifer C. Argabright

Jennifer C. Argabright, 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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GENERAL ELECTRIC COMPANY)	CPSC Docket No.: 15-C0003
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ORDER

Upon consideration of the Settlement Agreement entered into between General Electric Company (GE), and the U.S. Consumer Product Safety Commission (Commission), and the Commission having jurisdiction over the subject matter and over GE, 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 GE shall comply with the terms of the Settlement Agreement and shall pay a civil penalty in the amount of three million, five hundred thousand dollars (\$3,500,000) within twenty (20) 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 GE to make the foregoing payment when due, interest on the unpaid amount shall accrue and be paid by GE at the federal legal rate of interest set forth at 28 U.S.C. § 1961(a) and (b). If GE 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.

(continued on next page)

Provisionally accepted and provisional Order issued on the 13th day of February, 2015.

BY ORDER OF THE COMMISSION:



Alberta Mills, Acting Secretary
U.S. Consumer Product Safety Commission

Finally accepted and final Order issued on the _____ day of _____, 2015.

BY ORDER OF THE COMMISSION:

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