

# CPSC Tags Retailer With \$2M Civil Penalty and Enhanced Compliance Program for Allegedly Distributing Recalled Products

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Retailer superstore Meijer Inc. is on the hook for allegedly distributing recalled consumer products. In a press [release](#) dated September 17, 2014, the Consumer Product Safety Commission (“CPSC”) announced the hypermarket operating 24-hour stores and gas stations in various Midwestern states has agreed to settle charges that it knowingly sold and distributed recalled consumer products. Meijer has agreed to pay a \$2 million civil penalty and to implement an enhanced “reverse logistics” compliance program. This settlement signals heightened scrutiny and new channels of enforcement for retailers.

Between April 2010 and April 2011, Meijer allegedly distributed at least twelve separate recalled consumer products, totaling approximately 1,692 individual units of recalled products. The recalled products consisted of various household items and children’s products, including oscillating ceramic heaters, toddler tricycles, vacuum cleaners, and baby rattles. According to the settlement agreement, Meijer claimed the sale and distribution of the recalled items was inadvertent and occurred without Meijer’s knowledge. Meijer had outsourced the disposition of recalled products to a reverse logistics system operated by a third party, and believed that adequate safeguard had been in place to prevent recalled products from being distributed into commerce.

The CPSC thought otherwise. In addition to the \$2 million civil penalty, the CPSC is requiring that Meijer implement an enhanced reverse logistics compliance program with the following components:

- Written standards, policies, and procedures for the appropriate disposition of recalled goods;
- Mechanisms to communicate product safety policies and procedures to employees;
- Management oversight of the program, including a mechanism for confidential reporting to a Meijer official;
- A policy to retain reverse logistics records related to recalled product collection and disposition for at least 5 years after the recall date; and
- Availability of such records to the CPSC upon request.

This settlement follows the CPSC’s [announcement](#) last July of recalled products that were continuing to be sold or resold by Best Buy and certain affiliated entities. The CPSC did not impose a civil penalty against Best Buy or require an enhanced compliance program. In light of these two announcements, retailers should carefully review their compliance protocols to ensure recalled

products are not reentering the stream of commerce.