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# PRESS RELEASE

## New children's product law threatens to close local businesses

*Law requires expensive laboratory testing of children's products; takes effect Feb 10.*

Columbia Falls, Montana – January 25, 2009: The unintended consequences of new product safety law intended to protect children under 12 threatens to close or sharply impact thousands of small businesses all over the United States – including many in rural Northwest Montana.

The Consumer Product Safety Improvement Act ( CPSIA, HR4040 ) was passed by Congress and signed into law by President Bush in reaction to massive children's product recalls during the 2007 holiday season.

The law, which takes effect on Feb 10<sup>th</sup> 2009, requires that all products for children under 12 are tested for lead content. Products failing to meet the new standard of 600 parts per million (PPM) by February 10<sup>th</sup> 2009 are legally considered a "banned hazardous substance" and cannot be sold. Additional labeling and product content requirements are included in addition to lead content restrictions.

Unlike many consumer product laws, the CPSIA does not exempt any products manufactured prior to effective date of the legislation, a threat to resale and thrift shops across the U.S.

For now, finished product testing can be done using specialized x-ray fluorescence (XRF) scanner technology. A handheld XRF scanner uses high-energy x-rays (or gamma rays) to analyze the content of a finished product. XRF scanners range in price from \$30,000 to \$40,000, putting them out of reach of most independent retailers, artisans, clothing makers and small manufacturers.

As of August 2009, XRF testing will no longer be sufficient to assert that products meet CPSIA lead content requirements. At that time, CPSC-certified 3<sup>rd</sup> party testing labs must be used to testing every product intended for children under 12, and lead content limits drop to 300 parts per million (PPM).

Because every lot of finished product must be covered by a CPSIA General Compliance Certificate (GCC), paperwork requirements grow with every accepted wholesale delivery. While the manufacturer is

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expected to test and provide these certificates on demand; many have refused to do so, forcing retailers to either pay for expensive testing or stop carrying those product lines.

For large retailers and children's product manufacturers, the testing requirements are troublesome, but they typically have the management and financial infrastructure in place to respond.

The same cannot be said for thousands of artisans, cottage businesses, resale shops, book publishers and makers of custom children's clothing and related products, as well as one of a kind products that would be destroyed by the testing required as of August 2009.

Many of these businesses are run by work-at-home moms. They chose this path in order to generate a second income while staying home with their children. The CPSIA has the potential to force thousands of self-employed mothers into a tough job market at the worst possible time.

Many of these small business owners have been forced to spend dozens (and some hundreds) of hours over the last 90 days, lobbying Congress for component product testing while attempting to get the rules clarified by the CPSC.

An example of component product testing would involve testing each bolt of fabric rather than each lot of items made from that same fabric. Component testing would centralize most testing at the manufacturer. In many cases, component testing eliminates the finished product testing burden altogether.

For most businesses, component testing would relieve the expensive testing burden that is pressuring numerous small businesses into closing because they cannot afford XRF testing or, as of August 2009, more expensive digestive testing.

Businesses whose clients are directly affected by the CPSIA (such as accountants, lawyers, web designers and graphic artists) are concerned that the law's impact will ripple outward, affecting the business they receive from these retailers and manufacturers.

Violation of the CPSIA is a Federal offense punishable by fines up to \$100,000 per occurrence, with a maximum of \$15,000,000. Text of the Consumer Product Safety Improvement Act is available at <http://www.cpsc.gov/cpsia.Pdf>

Headquartered in Columbia Falls, Montana; Rescue Marketing specializes in helping small business owners radically improve the profitability of their business by solving marketing, technology and operations problems. Mr. Riffey is available for interviews regarding the impact of the CPSIA on local businesses.

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