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Amazon Ordered to Develop Remediation Plans to Notify Purchasers and the Public and to Implement Remedies to Remove Products from Consumers' Homes

WASHINGTON, D.C. – The U.S. Consumer Product Safety Commission (CPSC) today issued a <u>Decision and Order</u> against Amazon.com, Inc., a global ecommerce company with \$575 billion in revenue. In a unanimous vote, the Commission determined that Amazon was a "distributor" of products that are defective or fail to meet federal consumer product safety standards, and therefore bears legal responsibility for their recall. More than 400,000 products are subject to this order: specifically, faulty carbon monoxide (CO) detectors, hairdryers without electrocution protection, and children's sleepwear that violated federal flammability standards.

The Commission determined that these products, listed on Amazon.com and sold by third-party sellers using the Fulfilled by Amazon program, pose a "substantial product hazard" under the Consumer Product Safety Act (CPSA). Further, Amazon failed to notify the public about these hazardous products and did not take adequate steps to encourage its customers to return or destroy them, thereby leaving consumers at substantial risk of injury. Amazon argued before an Administrative Law Judge (ALJ) and the Commission that it was not a distributor and bore no responsibility for the safety of the products sold under its Fulfilled by Amazon program.

Under the Commission's Decision and Order, Amazon must submit proposed plans to notify consumers and the public about the hazardous products, and to remove the products from commerce by incentivizing their return or destruction. The Commission will consider Amazon's proposed plans and address them in a second order in this case.

#### <u>Overview</u>

On July 14, 2021, the Commission authorized an <u>administrative complaint</u> against Amazon alleging that the company distributed certain products that pose a substantial product hazard. The matter was initially tried before an ALJ who ruled that Amazon was a "distributor," that the products present a substantial product hazard, and that Amazon must take certain steps, including issuing recalls, to protect the public from the hazardous products. Both parties appealed the ALJ's ruling to the Commission, which considered the record in the case and heard oral argument, resulting in this **Decision and Order**.

Under the CPSA, after the Commission hears evidence from the parties and determines that a product presents a substantial product hazard, it may require a manufacturer, distributor, or retailer of the product to warn consumers about the product risks and provide remedies to remove the products from consumers' homes and the marketplace.

When third-party sellers sell hazardous products through the platform or services of a distributor, the Commission may hold the distributor responsible for providing these remedies to consumers.

In this case, third-party sellers listed the hazardous products for sale on Amazon.com as part of the Fulfilled by Amazon program. In addition to allowing third-party sellers to list products on the Amazon.com website, this program provides an array of services to its participating sellers.

During the administrative law proceedings before the ALJ and the Commission, Amazon did not contest that the products present a substantial product hazard. Instead, Amazon argued that it was not acting as a distributor of the hazardous products within the meaning of the CPSA, and therefore was not responsible for taking actions to protect the public. The ALJ rejected Amazon's argument, holding that Amazon acted as a distributor in this matter. The Commission affirmed that holding in today's decision.

Amazon also claimed that sending messages to initial purchasers about "potential" safety issues and providing initial purchasers with Amazon.com credits – rather than refunds incentivizing product return or destruction – were sufficient to remedy the product hazards. The Commission, as well as the ALJ, disagreed, finding Amazon's actions inadequate to protect the public.

Amazon must now develop and submit proposed plans to notify purchasers and the public about the product hazards, and to provide refunds or

replacements for these products. Notice to the public is important so that people who may have received one of the products as a gift or purchased it second-hand can learn about the hazards. The Commission will consider these plans and then issue a second order on notification and remedies.

## **Background Information**

- CPSC Sues Amazon to Force Recall of Hazardous Products Sold on Amazon.com | CPSC.gov
- <u>Recall Lawsuits: Adjudicative Proceedings | CPSC.gov</u> (*In the Matter of Amazon.com. CPSC Docket 21-2*)

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# About the U.S. CPSC

The U.S. Consumer Product Safety Commission (CPSC) is charged with protecting the public from unreasonable risk of injury or death associated with the use of thousands of types of consumer products. Deaths, injuries, and property damage from consumer product-related incidents cost the nation more than \$1 trillion annually. CPSC's work to ensure the safety of consumer products has contributed to a decline in the rate of injuries associated with consumer products over the past 50 years.

Federal law prohibits any person from selling products subject to a Commission ordered recall or a voluntary recall undertaken in consultation with the CPSC.

# For lifesaving information:

- Visit CPSC.gov.
- Sign up to receive our <u>email alerts</u>.
- Follow us on Facebook, Instagram <u>@USCPSC</u> and Twitter <u>@USCPSC</u>.
- Report a dangerous product or a product-related injury on <u>www.SaferProducts.gov</u>.
- Call CPSC's Hotline at 800-638-2772 (TTY 800-638-8270).
- Contact a <u>media specialist</u>.

Media Contact	Please use the below phone number for all media requests. <b>Phone: (301) 504-7908</b> <b>Spanish: (301) 504-7800</b> <u>View CPSC contacts for specific areas of expertise</u>
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