

Log of Meeting

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**Subject:** Consumer Recall Notification Initiative

**Date of Meeting:** August 1, 2001

**Log Entry Source:** Walt Sanders

**Date of Log Entry:** August 17, 2001

**Location:** CPSC Headquarters

**CPSC Attendees:**

Chairman Ann Brown  
Walt Sanders, COAB  
Caroline Croft, OEX  
Michael Gougisha, COTM  
Dennis Wilson, COMG  
Michael Solender, General Counsel  
Alan Schoem, Compliance  
Bob Franklin

**Non CPSC Attendees:**

Retail store associations, individual retail stores, credit card companies, credit reporting companies, entrepreneurs, Federal Trade Commission, consumer groups, consumer privacy groups, and individual experts. (See attached attendance list).

**Summary of Meeting:** (videotape of the meeting is on file in the Secretary's office)

Chairman Ann Brown welcomed everyone to the meeting. She said the idea for the meeting came from presentations made at the Product Safety Circle Conference held in Chicago in June. Chairman Brown said the purpose of the meeting was to explore how customer electronic databases could be used to reach more people during recalls, while protecting the privacy interests of consumers. She expressed the hope that a healthy exchange of ideas and some potential ideas for a solution would come of the gathering. Chairman Brown recognized Michael Solender to moderate the remainder of the meeting.

Michael Solender presented a brief overview the mission of CPSC. He described the "ground rules" of the meeting (presentations held to 5 minutes) and said he hoped the formal presentations would inspire a free and open discussion of how electronic consumer databases could be used to reach more consumers during recalls.

He said the Commission was not endorsing one specific approach, but wanted to facilitate an exchange of ideas so a realistic solution could be found. He said the private sector should play a leading role in finding a solution.

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Alan Schoem said the biggest challenge to CPSC and companies conducting recalls is in identifying consumer purchasers of recalled products. He said that using consumer electronic databases would help CPSC compliance efforts in reaching more consumers during recalls. He acknowledged that electronic databases were part of a much larger effort to make consumer product recalls effective.

Kathleen McCarthy of *Williams-Sonoma* demonstrated how it worked with banks, credit card companies and others to effectively use electronic consumer data in a highly successful recall of defective gas barbecue grills resulting in the return of 2690 defective products out of 2700 sold.

George Zelzany of *Sears* said that effective recalls require all the elements of a complete process to work together, including creative uses of internal electronic customer databases. He said Sears focuses on maintaining electronic databases on major appliances, small appliances, softline products and serviceable products.

John Baker of *Pier I* showed examples of how an SKU database could be effectively used to identify customers to contact in case of a consumer product recall and supported the idea that electronic consumer databases has resulted in a more consumers being notified during a recall.

Sean Brown (*Brandstamp*), Timothy Rowe (*Cambridge Innovations*) and Jack Keifer (*Babyage.com*) presented their *Total Recall* proposal. *Total Recall* involves credit card numbers and UPC product codes being captured at the point of purchase and retailers transmitting the data to a secure unified registry. During a recall, the information would be retrieved and customer notified. Brandstamp highlighted *Babyage.com*, as an on-line company that successfully uses electronic warranty registration system.

Larry Rathbone of *Xtel Communications* demonstrated how consumer electronic databases could be used to enhance automatic notification of customers by telephone in the event of a recall.

Mike Quaranta of *Experian* explained how certain statutory restrictions in the Gramm-Leach-Bliley Credit Disclosure Act have prevented use of consumer information derived from state motor vehicle databases in a recall of an automobile tires. He said the same restrictions might prevent CPSC from using customer electronic database information for recall purposes and that legislative changes may be needed to correct problems.

David Goldsmith of *RecallZ* presented a report indicating consumers generally prefer to be notified of recalls only if they ask to be notified.

Laura Berger and Bill Haynes of the *Federal Trade Commission (FTC)* said the Gramm-Leach-Bliley Credit Disclosure Act and the Fair Credit Reporting Act generally prohibit disclosure of consumer credit information to protect consumer privacy. However, provisions in both laws may allow certain uses consumer database information to protect the safety of the public, such as an investigation or a consumer product recall. They indicated they would be willing to work with the CPSC to achieve its objectives.

Ed Mierzwinski of the *US Public Interest Group*, and Frank Torres of *Consumers Union* said "firewalls" and other mechanisms must be established to protect consumer privacy, but that it was feasible these impediments could be addressed.

Michael Solender moderated a give and take discussion of the issues.

Kathleen McCarthy volunteered to set up a task force of interested parties to attempt to find a solution. She agreed to have regular meetings of the group and to report back to CPSC on October 2.

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