

TROUBLE IN TOYLAND 2024

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EXECUTIVE SUMMARY

Scrolling online, you see a brightly colored, wooden peg sorting toy. It has 25 blocks that a toddler can play with and fit onto the pegs. It looks fun and educational, and it's only \$4.04 with free shipping. It'll be a great holiday gift, you tell yourself.

What you may not realize: The listing does not name the manufacturer. The toy is being shipped directly from overseas. And the Consumer Product Safety Commission has issued violation notices about similar wooden toddler toys also shipped from overseas because they don't comply with U.S. safety requirements. Does this toy contain lead or other toxics? Could small parts break off and choke a child? Was it even tested?

When you buy a toy or any other product online and it's shipped directly to you from another country, it generally doesn't get inspected before it gets to your mailbox.

And when products are shipped in bulk but the value is below the threshold that requires examination, the products generally don't get inspected by U.S. Customs and Border Protection because of a loophole for socalled "de minimis," or low value packages.

In both cases, the items often don't meet U.S. standards. Once the products arrive at your home or in the warehouse of an online seller, if regulators find out about any dangers – from consumers, retailers or their own investigators – they often are powerless



PHOTO: FREEPIK

to stop the online sales or take the sellers to court to pursue recalls.

It's a growing problem made possible by aggressive marketing from international sellers, incomplete U.S. laws and the popularity of online shopping that surged during the pandemic.

In the last decade, the number of international shipments that claim to be exempt from inspection has surged from <u>140</u> million a year to 1 billion a year. That's nearly 3 million shipments every single day on average.

This includes more than children's products; it includes all types of consumer products and machinery for businesses.

For a tiny glimpse at the prevalence of this problem, U.S PIRG Education Fund analyzed two tactics the Consumer Product Safety Commission (CPSC) does have: Issuing obscure Notices of Violation and issuing public warnings that consumers almost never find out about. A look at CPSC notices of violation:

- The CPSC issued 1,020 notices of violation from January through July 2024. Of those, about 300 were for toys, not counting items such as art materials, scooters, or bike helmets.
- In 2023, the CPSC issued more than 2,300 notices of violation. About 800 of those were for toys.
- Among the nearly 3,400 notices of violation over the two years, the CPSC issued only one public warning initially, records show, and that wasn't for a toy; it was for a bike helmet that didn't meet strength and impact standards. Last month, the CPSC did issue a warning for an infant busy board toy after the Vietnam-based company didn't respond to a violation notice. The public violation notice database doesn't yet include October data.

To reiterate, not all of those products were shipped directly to consumers from another country; the list also includes products sold by online retailers, which don't have to follow the same laws as brick-and-mortar stores, and lower-tier physical stores that may not scrutinize the sources of products as well as larger chains.

Among the toys issued violation notices: Games, infant busy boards, educational toys, children's jewelry, blocks, plastic ride-on toys, baby teethers and stuffed animals.

While regulators and members of both parties in Congress have discussed ways to

crack down, this gap in product safety remains. It's particularly concerning when we're talking about toys and other products for our children.

For now, we have the best chance of keeping our children safe if we watch where we're buying products from and realize that direct-to-consumer items – while inexpensive and easy to find – put our families at risk.

It's great news that most traditional toys such as stuffed animals, games, dolls and building sets have become safer overall.

This is true because most manufacturers and U.S. sellers comply with <u>tougher laws</u> <u>adopted in 2008</u> and other child protection standards more recently. Toy safety is largely kept in check through good oversight by regulators, efforts by many manufacturers, watchdog work by consumer advocates including PIRG and more awareness by parents and caregivers. As one data point, toy-related deaths and injuries treated in emergency rooms among children 14 and younger declined by 13% since 2017.

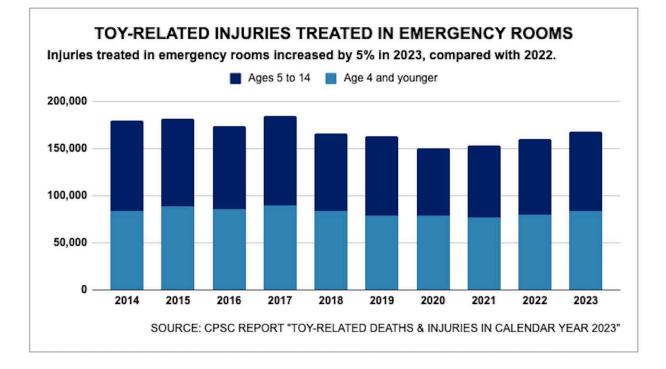
The proliferation of toys from overseas manufacturers and often sold under the radar online is a newer phenomenon. To be clear, the problem here isn't all toys from China. About 80% of toys sold in the United States and Europe in 2023 were manufactured in China. Only a small percentage were deemed unsafe and those are usually sold direct to consumer or they come in through de minimis shipments. For Trouble in Toyland 2024, we focus on this mounting threat, as well as new concerns about water beads, smart toys that invade children's privacy, high-powered magnets, button cell batteries and the ease consumers still have buying recalled toys, even though it's illegal to sell them.

About <u>3 billion toys and games</u> are sold in the United States every year. Some of those are unsafe. Some of those lead to children being injured.

Every year, we see 150,000 or more toyrelated deaths and injuries treated in emergency rooms among children 14 and younger.

This of course doesn't include injuries treated in doctors' offices or that don't require medical attention. Some of these incidents are caused by misuse, but dangerous toys lead to way too many injuries among children, especially those most vulnerable, age 4 and younger.

Trouble in Toyland 2024 looks at some of the biggest threats and offers tips for shoppers and recommendations for lawmakers and regulators.



I TOYS THAT EVADE INSPECTION

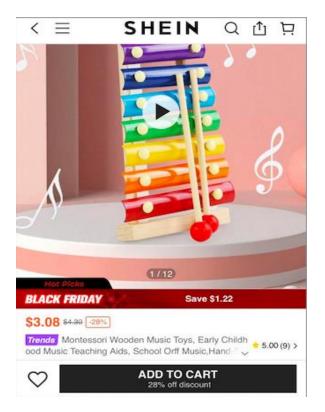
Toys and other imported products slip through regulation in two key ways:

- Online sales, with packages mailed directly to consumers.
- Shipments that arrive at the ports but their shippers claim the crates or containers are of such low value that they don't warrant paperwork or inspection and aren't subject to duties or taxes. These shipments may be on their way to warehouses for traditional or online U.S.-based sellers. The low-value shipments are called de minimis.

All children's products <u>require certification</u> from a third party. Unfortunately, some overseas companies lie about the contents of their shipments. They may say a shipment contains household goods, when it actually contains toys. Low-value household goods wouldn't require the same paperwork.

Any children's products that arrive at the U.S. border without paperwork that documents compliance with U.S. safety standards are problematic from the start, said Nancy Cowles, executive director of Kids In Danger, a Chicago product safety organization.

"There's no safety testing on these products," Cowles said. "It's illegal." But families usually have no idea about this, she said. Toys and other children's products must comply with restrictions on issues such as lead, phthalates and small parts.



Companies such as Shein and Temu have become popular because of their low prices.

The exception for de minimis shipments increased from \$200 to \$800 in 2016, giving companies more room to fudge the value of shipments. The materials and labor are low cost, and the companies don't have to pay taxes, so the items typically are much less expensive than you'd see in the United States. A toy that sells for \$30 or \$40 in the United States might sell for \$5 from an overseas company.

"You see companies putting a \$700 value on 20 giant crates of goods worth hundreds of thousands of dollars," said Rich Trumka, one of five commissioners with the Consumer Product Safety Commission. U.S. Customs and Border Protection wants to catch these companies so that proper taxes are collected and the products can be inspected for safety.

"They're lying about what's in the packages, they're lying about the value of it and it's an incredibly difficult task to figure out what's in the packages by looking at them, until you crack them open," Trumka said in an interview with U.S. PIRG Education Fund. "And the volume of it is extraordinary.

"It makes the job incredibly difficult and American consumers are at extreme risk because of it," Trumka said.

The pandemic effect

Our ability to buy a toy or most any other item online and get it delivered to our mailbox or doorstep has existed for <u>two</u> <u>decades</u>. Online marketplaces have expanded incredibly in recent years. These days, big, traditional retailers offer many items only online, not in their stores.

About 3 billion toys are sold in in the United States every year.

Consumers' <u>comfort with online purchases</u> widened when the pandemic hit in 2020. Worldwide, e-commerce sales grew from <u>14% to 18%</u> of retail sales from 2019 to 2020, according to the International Trade Administration.



Companies such as Shein and Temu have become popular because of their low prices.

In the United States, CPSC Chair Alex Hoehn-Saric notes that <u>total e-commerce</u> <u>sales</u> were estimated at a little more than \$1 trillion in 2022, an increase of 8% from the year before. And the sales keep rising.

Meanwhile, newer online marketplaces are expanding into the U.S. market. All of that adds up to a newer, largely unregulated way for companies to sell their products. Many of the products may be perfectly safe and meet all U.S. standards. But many of them do not. It can be difficult to detect without inspection and testing.

Temu and Shein worry some

The risk increases when the company is based overseas and doesn't work with a U.S. importer, distributor, manufacturer or retailer that is regulated by the Consumer Product Safety Commission. In some cases, a shopper may not even realize a product was sent from overseas because the company sent items in bulk to be shipped out from a U.S. address.

Two of the companies raising the biggest flags for U.S. regulators are <u>Temu</u>, based in China, and <u>Shein</u>, founded in China and now is headquartered in Singapore. Since January 2023, the CPSC issued notices of violation on numerous products sold by Temu and Shein, including puzzles, push-pull toys, toy guns, musical toys and wooden sorting toys.



Companies such as Shein and Temu have become popular because of their low prices

"In just the last two years roughly, Chinese online marketplaces have exploded in size, selling cheap goods at dumping prices into the American market," U.S. Rep. Dan Bishop (R-N.C.) <u>said in a brief speech</u> in Congress in April. "What is causing this? Well, they learned to exploit fully the de minimis tariff loophole." Bishop said that in 2023, nearly a billion packages entered the United States because the shippers claimed they're de minimis. That's about 3 million shipments per day. Temu and Shein comprise about one-third of all de minimis shipments, he said. "That is not de minimis business. It is big money."

Just three weeks ago, the <u>27-nation</u> <u>European Union</u> announced <u>it's</u> <u>investigating</u> whether Temu allows the sale of illegal and unsafe products. Temu has 92 million users in the European Union, which includes countries such as France, Spain, Italy and Germany.

In the United States, commissioners at the CPSC are also sounding the alarms.

Temu commands 17% of U.S. sales for online discount retailers

In a <u>speech in February</u>, Hoehn-Saric, the CPSC chair, cited Temu. The Temu shopping app launched in <u>September 2022</u>. By November 2023, it held <u>nearly 17%</u> of online discount store sales among U.S. shoppers. It wants more. Temu spent tens of millions of dollars on TV advertisements during the last Super Bowl, which was watched by 123 million viewers, he said.

"As more platforms enter the market and as more consumers turn to e-commerce, it is critical that online marketplaces act as responsible gatekeepers to protect their users from hazardous products," Hoehn-Saric said. He wants companies to do more voluntarily to hold third-party sellers accountable. CPSC Commissioners Peter Feldman and Douglas Dziak want CPSC staff to explore whether online platforms such as Temu, Shein and other foreign-owned companies obey the Consumer Product Safety Act.

"This examination will inform the Commission on the legal status of these platforms," Feldman and Dziak wrote in a <u>statement</u> in September. "To the extent a platform falls outside the Commission's reach, policymakers must understand where gaps exist and how best to address them. Likewise, the Commission must better understand what enforcement challenges exist with respect to foreign third-party sellers."

Feldman and Dziak are also concerned about reports that thousands of Chinese manufacturers and vendors have signed on to provide products to Shein and Temu, which they noted have soared in popularity thanks to their super low-cost consumer products.

Trumka, another CPSC commissioner, said, "Before these emerging e-commerce platforms could undercut the cost of everything else, they didn't exist. They came into existence because of this loophole and flooded the market with potentially dangerous goods."

Shoppers often assume online sellers are just as reputable as the Target or Best Buy or Kohls you can drive to, <u>Hoehn-Saric said</u>. They're not. And consumers often have no recourse if the product is defective, unsafe or just junk. "Too often consumers are left holding a defective product while the online marketplace they purchased it from points the finger of blame at the same seller the marketplace allowed on its site," Hoehn-Saric said.

"Too often unscrupulous manufacturers selling online disappear after being contacted by CPSC about a hazardous product. And even when CPSC is able to get an online marketplace to take a listing down, that same product listing can reappear on the same marketplace under a different manufacturer's name within days."

"This game of online whack-a-mole must stop," Hoehn-Saric said.

As one tactic, Feldman said the CPSC's eSAFE team actively searches e-commerce sites for banned or recalled product listings. In a new strategy, the CPSC in June launched an online complaint portal for businesses to report violations. Feldman and Dziak pushed for the concept, which is aimed at giving companies, importers and other businesses a way to report unsafe or noncompliant products more easily.

Amazon's new venture to ship directly from China

Regulators and lawmakers already concerned about overseas direct-toconsumer purchases have a new player to watch: Online giant Amazon on Nov. 13 announced a new venture, "<u>Amazon Haul</u>," which the company says will offer "crazy low prices." Purchases will ship directly to consumers from a warehouse in <u>China</u>. All products will cost \$20 or less, with most at \$10 or less and some for just \$1.

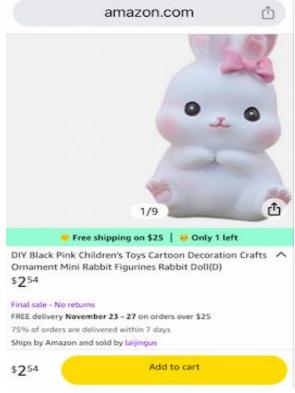
Haul will compete with Temu, Shein and TikTok Shop.

Purchases will take longer to arrive, typically one to two weeks, as opposed to Amazon's typical same-day or one- or twoday delivery.

"Amazon screens the products sellers offer in Haul," the company said in its <u>announcement</u>, adding that all products will be screened "so customers can be confident they'll receive products that are safe, authentic, and compliant with applicable regulations."

The company said all purchases will be protected by Amazon's A-to-z guarantee, which "covers product condition, including if the item is damaged, defective, or not as described." However, items priced at less than \$3 won't be eligible for return.

The concern here is that Amazon hasn't always cooperated with recall requests from the CPSC. That's what led to a <u>2021 case</u> against Amazon by the CPSC. After hearings and appeals in court, the <u>CPSC in</u> <u>July 2024 unanimously determined</u> that Amazon is a "distributor" for certain products that are defective or violate safety standards. That makes Amazon responsible for recalls. Amazon requested a <u>stay</u> from the CPSC; the CPSC <u>opposed</u> the motion, saying any stay request should go through federal district court.



Amazon Haul launched in China this month, shipping products directly to shoppers.

Products listed on Amazon Haul include a "cartoon penguin coin purse money bag plush doll" for \$1.78, a 180-piece set of "children's car truck stickers" for \$2.99, a "DIY black pink children's toys cartoon decoration crafts ornament mini rabbit figurines rabbit doll" for \$2.54 and a "school large capacity children straw cup water cup cartoon water bottle" for \$6.12.

The push to close a big loophole

On products shipped in bulk overseas from a company, Feldman and Dziak said U.S. regulators have work to do. "We seek to better understand these firms, particularly their focus on low-value direct-to-consumer – sometimes called *de minimis* – shipments and the enforcement challenges when

Chinese firms with little or no U.S. presence distribute consumer products through these platforms.

"This form of commerce can benefit consumers and sellers in many ways, but CPSC must make clear its expectations regarding these platforms' responsibilities to ensure safety," the commissioners said.

In September, the <u>White House said</u> it wants to tighten import rules to stop countries from claiming a de minimis exception on a huge volume of their shipments to the United States.

Current exclusions allow not only unsafe products, but also allow counterfeit products and illegal drugs such as fentanyl to pour in. In addition, de minimis shipments into the United States are not subject to duties and taxes.

All of this harms not only U.S. consumers, but also U.S. manufacturers, workers and retailers.

"The dramatic increase in direct-toconsumer sales, especially from sellers and websites based outside of the U.S., increases concerns about products that do not meet our strict safety standards," said Joan Lawrence, senior vice president of standards and regulatory affairs at The Toy Association, the industry's trade group.

"It puts consumers at risk, and hurts responsible toy companies which go to great lengths to make safe, quality brands and products," Lawrence said. The White House called on Congress to pass laws to reform de minimis exceptions.

Such legislation, the <u>Consumer Product</u> <u>Safety Inspection Enhancement Act</u>, was introduced in 2020 by Rep. Jan Schakowsky, (D-Illinois,) and co-sponsored by Rep. Jeff Duncan (R-S.C.). A separate bill, the <u>Ensure Accountability in De</u> <u>Minimis Act</u>, was introduced in April 2024 by Sen. Mike Braun (R-Indiana) and co-sponsored by Sen. Tammy Baldwin (D-Wisconsin.) Neither bill got out of committee.

Hiding hundreds of thousands of dollars worth of goods

Sometimes, U.S. Customs and Border Protection and the CPSC do catch unsafe toys at the border. The CPSC, working with Customs, confiscated nearly 1.6 million dangerous or illegal toys in year 2024, the CPSC says, up from 1.1 million in FY2023. Nearly 102,000 of the toys contained unsafe levels of lead, which <u>can cause</u> brain damage, nervous system problems and other health issues.

Only a small fraction of hazardous products get seized, Trumka said. Most of them get through. That's not the fault of Customs or the CPSC, he stressed. It's the existing law, humongous volume and lack of resources.

In some cases, the unsafe products coming across the border aren't sold by foreignbased websites or obscure retailers. They're sold by companies as well known as Amazon and Walmart.com. For years, the CPSC has tangled with Amazon because, when the CPSC discovers unsafe products sold exclusively by Amazon, the online giant sometimes won't cooperate with a recall.

The CPSC issues warnings for the most worrisome products; it has issued 58 so far this year (through Nov. 8) for toys and other products. Of those, 22 were sold exclusively by Amazon; three were sold exclusively by Amazon and Walmart.com. Nearly all of the products sold exclusively by Amazon and Walmart.com originated overseas.

The CPSC during the next year will officially focus more on e-commerce platforms. The amendment to the CPSC's formal operating plan was adopted unanimously by commissioners. That reflects "the seriousness of these issues and recognition that more needs to be done to police e-commerce and keep American families safe from dangerous products manufactured overseas," said Feldman, who pushed for the amendment.

Cowles noted that a crackdown at the border and elimination of the \$800 threshold for exemption wouldn't necessarily affect all direct-to-consumer packages.

That's where consumer awareness may come in.

WATER BEADS

Consumer advocates have sounded the alarm about water beads for more than two years. Water beads are a colorful, squishy sensory toy. Some are small as pinheads or ice cream sprinkles. The problem is, as the name suggests, they expand when exposed to water, from the size of a pea, for example, to two inches in diameter.

If a child swallows one of these beads that look like candy, it can expand. If it's swallowed or inserted into an ear canal, the water beads absorb bodily fluids and expand. This can and has led to a blocked airway, intestinal or bowel blockage, lung or ear damage and other life-altering injuries.

About 6,000 people, mostly children, were treated in emergency rooms in 2023 for injuries or illnesses caused by water beads, according to <u>the CPSC</u>. At least one death is blamed on water beads: a 10-monthold in Wisconsin died in July 2023.

The CPSC in September 2023 issued a strong <u>warning to families</u> to keep water beads out of any place where babies and young children might be. It's not enough to make sure they're picked up after play; it's nearly impossible to be absolutely sure that something the size of an ice cream sprinkle didn't roll away. They just shouldn't be in the same homes or buildings as children.

In <u>December 2023</u>, Amazon, Walmart and Target announced they would prohibit sales of water beads marketed to young children. The news followed an investigation by <u>Consumer Reports</u>, which began pressuring retailers to stop selling water beads.



This photo shows a water bead at original size, and then how it expands after combined with water. We show a quarter for scale.

Bills have been introduced in Congress that would restrict water beads marketed as toys. The <u>Ban Water Beads Act</u> was introduced in Congress in November 2023 by Frank Pallone Jr., (D-N.J.), and <u>Esther's Law</u> was introduced in May 2024 by Sen. Tammy Baldwin (D-Wisconsin.) It's named after the Wisconsin baby who died after ingesting a water bead. Both bills sat in committees.

Meanwhile, the <u>injuries continue</u> to mount. In <u>July 2024</u>, at least five children were injured and taken to the hospital in Bossier City, La. One child was in intensive care.

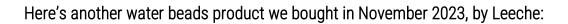
The CPSC this year <u>proposed rules</u> to regulate water beads marketed as toys, and other toys with "expanding materials." That's defined as any toy that expands by at least 50%. Comments are due <u>Dec. 8, 2024</u>. Others want to see a ban on any water beads with bright colors – no matter what their labeled use is – because they could look like candy to young children. Despite the public warnings, proposed federal laws and retailer announcements to stop selling water beads as toys, the practice continues. As two examples, U.S. PIRG Education Fund purchased two different types of water beads, in November 2023 and May 2024. The products were described as sensory toys when we bought them. The same products are now described as vase fillers or home decorations.

Here's a photo of the product we bought in May. It lists "sensory play" as the first use.



Here's the product <u>as displayed online now</u>. Note that "sensory play" has been deleted from the lower left side of the label. The space is blank. The other product uses are the same.

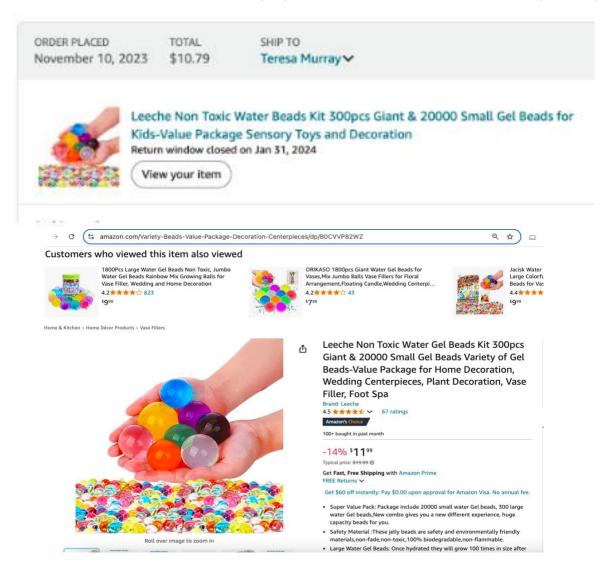








On the next page, note the screenshots of what we bought and what's for sale now on Amazon.



Here are screenshots of what we bought (top) and what's for sale now on Amazon (second.)

The verbiage is identical up to a point:

November 2023 purchase:

"Leeche Non Toxic Water Gel Beads Kit 300pcs Giant & 20000 Small Gel Beads for Kids-Value Package Sensory Toys and Decoration"

Listing in November 2024

"Leeche Non Toxic Water Gel Beads Kit 300pcs Giant & 20000 Small Gel Beads Variety of Gel Beads-Value Package for Home Decoration, Wedding Centerpieces, Plant Decoration, Vase Filler, Foot Spa

To be clear, this isn't illegal — because there isn't yet any law. Neither do listings like these seem to violate <u>Amazon's</u> <u>commitment</u> to prohibit listings of water beads for use as toys. But it would appear that just changing the descriptions for the same products – from sensory play to vase fillers – lacks transparency.



This photo shows water beads at their original size and then how they expand after combined with water. We show a quarter for scale.

RECALLED TOYS FOR SALE

One of the easiest-to-prevent dangers in Toyland in 2024 continues to be the sale of toys that were recalled months or years ago because they're hazardous. In some cases, the toys contain excessive levels of lead or other toxics. Other times, the toys have small pieces that can break off easily and choke a child.

Once a toy or any other product has been recalled, it's illegal for *anyone* to sell it. For the third year in a row, we bought recalled toys online with ease.

In our <u>Trouble in Toyland report in 2022</u>, we demonstrated how easy it is for shoppers to buy recalled toys. In just a few weeks in 2022, U.S. PIRG Education Fund bought, paid for and received more than 30 recalled toys from a variety of online retailers. We repeated our experiment in 2023 on a smaller scale, by buying five toys of the 17 toys that had been <u>recalled in 2023</u>.

This year, we set out to buy three recalled toys and bought all three toys with ease. They are: <u>Little People Mickey and Friends</u> <u>set of figures</u>, <u>Miniverse Make It Mini Sets</u> <u>with Unused Liquid Resins</u> and <u>Fisher-Price</u> <u>Dumbbell toy</u>. We bought the first two through eBay; we bought the third through Facebook Marketplace.

The CPSC and members of Congress all know the severity of the problem. In 2023, a bipartisan group of House representatives wrote letters to <u>17 companies</u>, including Meta (Facebook,) Amazon, Walmart, Target, Ebay and Poshmark. The letters noted that online marketplaces are expected to prevent the sale of recalled products through their sites. The letters said the companies have "been falling short on this mission."





U.S. PIRG Education Fund bought the recalled toys above last month, the first through Facebook Marketplace, the second through eBay. The CPSC has argued that online platforms can easily flag products that have been <u>publicly recalled</u>. In his second letter to Facebook/Meta in 2023, CPSC <u>Chairman</u> <u>Alex Hoehn-Saric wrote</u>: "CPSC is catching these unlawful products after they have been listed for sale and made available to the public ... If CPSC staff can identify these illegal listings using your site, Meta indisputably can prevent them from appearing in the first place."

U.S. PIRG Education Fund has reached the same conclusion. We can quickly find and buy recalled toys. You do a search for a specific toy from <u>this recalled list</u>. For the products we bought, the listings weren't cleverly misspelled. Some had been recalled months before. In one case, eBay continues send alerts two years after the recall, as recently as Oct. 21, 2024. Six varieties of the Aflac duck below were <u>recalled</u> in 2022. (See the alert sent below.)



Duck - Plush Stuff ...

\$9 95



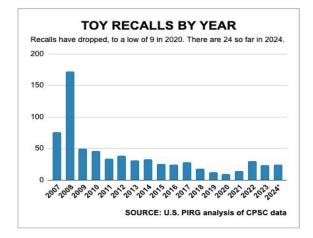
We ask the question again: If U.S. PIRG Education Fund can quickly find and buy recalled toys, why can't these companies update their sites once a week to weed out newly recalled products? They could.

The next question: If companies, such as **T.J.** Maxx, Home Depot, Best Buy and Meijer paid multi-million dollar civil penalties for selling recalled goods, why don't online marketplaces also face enforcement? The CPSC explains the law this way: "Different safety obligations apply when a company is a manufacturer, distributor, private labeler, or retailer of goods. Online marketplaces that host thirdparty sellers don't fit neatly into one of those categories for most of their operations."

It may come down to <u>Section 230</u> of the 1996 Communications Decency Act, which some say insulates online platforms from being responsible for products sold illegally on their websites. It says: "No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider."

Now, many would say that publishing opinions is one thing and allowing the illegal sale of goods is something else. Still, if Congress would amend the law, or the question would be resolved in a court case, the CPSC would have more clarity to pursue enforcement against platforms such as Facebook Marketplace and eBay, just like the regulator does with big box retailers. CPSC Commissioner Peter Feldman told U.S. PIRG Education Fund last year that something needs to change with these online companies. "The status quo can't stand," he said. "It's clear there's more they can do and should be doing to keep their users safe. These firms absolutely have the resources necessary to prevent these transactions."

If these online retailers continue to allow the sale of recalled products, the CPSC may try a different tactic than just sending letters, Feldman said. "All options are on the table." Aside from the interpretation of the law that may protect online retailers for now, there's certainly no reason the companies couldn't voluntarily block the sale of recalled products, as they do with other products they're not allowed to or don't want to sell, such as guns, animals or drugs.



Hoehn-Saric, the CPSC chair, met with six of the largest online marketplaces in recent years, including Facebook Marketplace and eBay, to urge them to work with the CPSC. "Online marketplaces can and should adopt common sense practices to protect consumers," Hoehn-Saric said at the time. This includes prioritizing product safety within the companies and vetting sellers and products that platforms allow to be sold on their sites. Some companies are taking steps in the right direction, but clearly not enough is being done."

For now, when listings for recalled products are found or reported to the CPSC, the regulator issues "take-down requests."



U.S. PIRG Education Fund bought this toy in October through eBay, five months after it was recalled.

A few months ago, at a <u>House committee</u> <u>hearing</u> in July, Hoehn-Saric testified that the CPSC needs more resources to do more. The CPSC's "eSAFE Team" reviewed more than <u>3 million online marketplace listings</u> and requested the removal of <u>nearly 60,000</u> <u>listings</u> in FY2023. The vast majority of those went to Facebook Marketplace, he told U.S PIRG Education Fund last year. More than 57,000 listings for recalled or violative products were removed.

"This reliance on industry's good will," <u>Hoehn-Saric said</u>, "is not a long-term solution to the problem.

I COUNTERFEIT PRODUCTS

Counterfeit toys represent a different kind of danger because shoppers may trust the reputation of a brand name – but if the toy wasn't made by that company, who knows how it was manufactured. It's quite likely that counterfeiters aren't bothering to adhere to <u>the law</u> by conducting third-party testing as required, or be certified as required, or comply with federal toy safety standards.

Huge volumes of counterfeit products come from other countries. In fiscal year 2023, U.S. Customs and Border Protection seized <u>283 shipments of toys</u> worth \$1.56 million for copyright infringement, meaning they're counterfeits.

One shipment often contains hundreds or thousands of the same item. In <u>one seizure</u> in June 2024, CBP officers in New York seized nearly 1,500 toys from China. CPSC investigators working with CBP found some contained toxics and others created sharp pieces if they were dropped.

Counterfeit products hurt legitimate companies and jobs, can waste our money



Source: The Truth Behind Counterfeits | U.S. Customs and Border Protection



A shipment of these toys was confiscated in 2024 after CPSC testing found they contained toxics and posed a laceration hazard.

and can be downright dangerous, according to the <u>CBP</u>. For example, counterfeit electronics lead to more than 70 deaths and 350,000 significant injuries in the United States every year, according to the <u>National</u> <u>Crime Prevention Council</u>.

Besides toys, other <u>types of counterfeit</u> <u>products</u> that pose special risk: lithium-ion batteries, bike helmets, infant sleep products, medications and personal hygiene/beauty products.

If you have a toy or any other product in your hands, you can look for clues the item may be counterfeit:

- Does the label list country of origin? This is required for toys and many other items.
- Is the UPC valid? Numerous free phone apps allow you to scan the UPC or QR code and be directed to the manufacturer's website, assuming the product is genuine.

For a list of some highly rated apps and other tips, see our guide: <u>Counterfeit products: How</u> to tell whether you bought one.

HIGH-POWERED MAGNETS

The CPSC in 2022 adopted new rules for high-powered magnets, which are often sold as fidget toys. The federal rule followed incidents that led 26,600 children to be treated in emergency rooms, and at least seven children's deaths from 2010 through 2021.

The problem: if two or more magnets are swallowed, they can connect and pinch internal tissue together and cause serious issues such as intestinal blockage or blood poisoning.

The federal standards require magnets that are loose or able to come out of products to be either too large to swallow or weak enough to reduce the risk they'll connect inside the body if two or more were swallowed. If magnets fail the CPSC's small parts cylinder test – any object fits completely into a test cylinder 2.25 inches long by 1.25 inches wide, then they must have a flux index (a measurement of strength) of less than 50 kG2 mm2.

The federal rule doesn't apply to toys; the <u>CPSC's mandatory toy standard</u> already restricts these types of magnets.

Magnets that violate the rules still enter the market. The CPSC worked to get six recalls involving magnets so far this year: High-powered magnets by Joybuy, Getallfun, Stateside and DailySale, and magnetic chess games by Outad Good Life and Huihuang Trading.



The CPSC issued a warning to consumers to take <u>these</u> <u>magnets</u> away from children and dispose of them after the China-based seller, Pedetid did not agree to recall them. They were sold on Walmart.com

Even more companies declined to offer recalls or refunds, and the CPSC issued 14 unilateral warnings aimed at magnets and magnet games by <u>Auncley</u>, <u>Zhengtongfu</u>, <u>JOMO</u>, <u>Dongguan Qihangren Trade</u>, <u>UYPEA</u>, <u>Maemall</u>, <u>Mei Xiang/MXYY</u>, <u>Newish Trade Kidbro</u>, <u>Guo Yumei/Ssping</u>, <u>Lihailidebeimeidianpu</u>, <u>Wifi/Wifi0306</u>, <u>Pedetid and Magnetic Fidget Balls</u>, and a magnet bracelet by <u>Reflections of</u> <u>California</u>.

The <u>CPSC says</u> consumers should dispose of any high-powered magnets they may have.

BUTTON CELL BATTERIES

A law passed by Congress in 2022 took full effect March 19, 2024, aimed at protecting children from button cell batteries that can kill you if they're swallowed.

Reese's Law is named after Reese Hamsmith, an 18-month-old who died because she ingested a button battery from a remote control. At least <u>32 deaths</u> are blamed on button batteries from Jan. 1, 2011 through March 31, 2023. In addition, about <u>54,300 people</u> went to emergency rooms from 2011 through 2021 after button or coin batteries were ingested or inserted in their body, such as through their nose or ear, according to CPSC estimates based on data from the National Electronic Injury.

The <u>law requires</u> stronger safety procedures and secure battery compartments for products that use button cell or coin batteries, such as key fobs, bathroom scales, game controllers, tealight candles and musical greeting cards. The law also requires packages containing replacement batteries to comply with child-resistant packaging; warning labels on packages are required for products manufactured or imported after <u>Sept. 21, 2024</u>. The law is aimed at protecting children aged 6 and younger.



The law, however, <u>doesn't currently apply to</u> <u>toys</u> marketed to children 13 or younger, as long as the toys comply with requirements with a *different* standard specifically for toys.

The CPSC wants to <u>change that</u> and make the requirements for toys more stringent with, for example, mandates for captive fasteners, longer screws that can't slip out as easily, drop tests and testing whether repeated use causes wear and tear that could expose the battery. Comments on the proposal are <u>due Nov. 14, 2024</u>.

Families with young children are urged to use extra caution with button cell batteries and anything that takes these batteries. Make sure compartments are secure, check them out periodically and ensure that replacement packages are kept away from children.

SMART TOYS

Technology evolves almost every day. Some of that's good. Some not so much. For Toyland 2023, we looked closely at the explosion of smart toys that interact with children and often have microphones, cameras, location trackers and ways to capture a child's information.

New smart toys are hitting the market this holiday season.

There is much to like – interactive toys can sometimes keep a child's attention longer and be educational. However, there is much to be concerned about.

Parents and gift-givers are encouraged to carefully read packages and terms and conditions to understand what a toy can do, and what the manufacturer says it will do with information collected. It's notable that several high-profile companies have been <u>sued in the last few years</u> by federal regulators over allegations they violated children's privacy.

The global market for smart toys grew to \$16.7 billion in 2023, according to <u>a large</u> <u>market research firm</u>. The business of smart toys is expected to more than double to \$35.1 billion by 2027.

The capabilities of smart toys and the challenges for parents will increase as more toys incorporate artificial intelligence in the years ahead. A few of these toys already exist.



More and more toys today are designed to interact with kids. PHOTO: PEXELS

Meanwhile, the Federal Trade Commission proposed strengthening the Children's Online Privacy Protection Rule (COPPA Rule,) which was passed by Congress in 1998 and revised in 2012. The changes would put new restrictions on the use and disclosure of children's personal information. In addition, the rule would limit companies' ability to require consent to allow companies to use children's personal data for financial gain as a condition for using the product's services.

In Congress, a bi-partisan bill, <u>Children and</u> <u>Teens' Online Privacy Protection Act</u>, was introduced in May 2023 with 22 co-sponsors from both parties.

It would ban <u>targeted advertising</u> to kids and teens, stop companies from collecting personal data from users under 17 without consent, allow parents and kids to delete personal information that a company holds about them and establish a new division at the FTC focused on how companies market to kids and teens.

RECOMMENDATIONS

- Lawmakers should quickly address ways to prevent dangerous, untested toys (and other dangerous items) from entering the United States. This may involve legislation regulating de minimis shipments and could require more resources for Customs and Border Protection and the Consumer Product Safety Commission.
- Traditional retailers and online marketplaces should do more to prevent recalled toys and counterfeit/knockoff toys from being sold.
- The CPSC should step up enforcement and impose meaningful penalties against merchants that sell counterfeit or recalled toys. This may require more resources.
- The CPSC should get clarity on whether federal law allows online retailers such as Facebook Marketplace and eBay to sell recalled toys without the same multi-million-dollar consequences that regulators impose on brick-and-mortar retailers.
- Toy manufacturers should commit to do a better job of improving testing and adhering to existing toy safety standards.
- Lawmakers should pass stronger data privacy laws, explicitly prohibiting companies from gathering more data from consumers than is necessary to deliver the service a consumer is expecting to get, and use it for any secondary purposes, especially for data that could be generated while using a VR headset.
- We support the bipartisan <u>COPPA 2.0</u>, introduced in 2023, to update the 1998 Children's Online Privacy Protection Act to better protect kids' and teens' privacy online regarding data collection, advertising and a parent's ability to delete their child's stored data.
- We support the bipartisan <u>TOTS Act</u>, which would require companies that sell high-tech <u>smart toys</u> to clearly label on the box if it contains a Wi-Fi connection and the ability to gather data on children. It was <u>introduced</u> in January 2023.
- We support the <u>Sunshine in Product Safety Act</u>, which would allow the CPSC to warn consumers more quickly about all kinds of dangerous products, including toys, in advance of a recall. It was reintroduced in March 2023.
- We celebrate enactment of the federal <u>INFORM Act</u>, which took effect in June 2023. It's aimed at cracking down on U.S. sellers that allow counterfeiters and thieves.



I TIPS TO AVOID UNSAFE/UNTESTED TOYS

- Understand that online purchases are nearly always more risky because there's not as much transparency and returns can be more difficult or impossible.
- Consider purchases only from known, trusted sellers or the trademark holder. Companies you've never heard of warrant more research.
- Look at the brand's website to find authorized retailers. If a seller isn't on the list, the product may be a counterfeit.
- When shopping online, read reviews about the seller and look for an address and a working U.S. phone number in case you need to contact the seller. Also, does the website or listing have multiple typos or grammatical errors? That could be a flag.
- Look at the return policy. If it's a new item and returns aren't accepted, that could be cause for concern.
- Read reviews about the product itself. Look at the negative reviews first. Does it break easily? Is it poor quality?
- Figure out the shipping time. If it's weeks, it could be coming from overseas and/or direct to you, potentially bypassing inspection at the border and documentation of safety testing.
- If you have a toy or any other product in your hands, look for clues it may be unsafe or counterfeit: Does the label list country of origin? This is required for toys and many other items. Is the UPC valid? Numerous free phone apps allow you to scan the UPC or QR code and be directed to the manufacturer's website, assuming the product is genuine. For a list of some highly rated apps and other tips, see our guide: Counterfeit products: How to tell whether you bought one.
- If you purchase and receive a toy and it has a weird smell or something else is odd, don't give it. "If anything looks like it could be an issue, treat it like it's an issue," one CPSC commissioner advises.

- When your child gets a new toy, and periodically after that, check whether it has been recalled. Go to <u>cpsc.gov/recalls</u>. Check for incidents at <u>saferproducts.gov</u>
- Carefully check toys, both when they're new and every so often to see whether there's wear and tear. You're particularly looking for any parts that are loose or could easily break off and be swallowed or cut the child.
- Look for labeling on toys that says it's non-toxic.
- Make sure that anything that's electric says it's UL-approved.
- Vintage toys are great for the memories, but be wary of toys made before 2008, when the <u>Consumer Product Safety Improvement Act</u> took effect. Toys that comply with that law are safer in many ways. The law set new limits on lead, phthalates and heavy metals, and requires third-party testing to make sure toys meet ASTM F963-17, which is the Standard Consumer Safety Specification for Toy Safety that covers a range of potential hazards in toys.

TIPS FOR AVOIDING INJURIES

- Evaluate whether particular toys are appropriate for *your* children, starting with the minimum age warning label.
 Even if your child is "old enough," they may not be able to be trusted to play with the toy as intended. Age-grading isn't about how intelligent a child is; it's safety guidance based on the developmental skills and of children at a particular age.
- Consider whether a child is also responsible enough to keep the toy out of reach of any younger children.
- For scooters, hoverboards and other riding toys, require your child to wear safety gear particularly helmets that fit properly. Also make sure they understand how to ride on streets shared by vehicles that can injure or kill them.
- For any toys with plastic film coverings on toys to protect them during shipping, be sure to remove the film. It's often found on mirrors or parts that can be scratched before use. It can pose a choking hazard to children.
- Keep small balls, blocks and other toys with small parts out of reach from children younger than 3.

- High-powered tiny magnets are now prohibited from being manufactured. But the new federal rule doesn't affect magnets that may be in people's homes. If you have children or teens in your home, you shouldn't have tiny magnets, the <u>American Academy of</u> <u>Pediatrics says</u>. Also explain to kids how dangerous these magnets are, in case they come across them at a friend's house.
- Keep water beads out of your home. Certain types of water beads haven't yet been banned, but they're dangerous for young children.
- Keep deflated balloons away from children younger than 8 and keep your ears open for an inflated balloon that pops. Children can choke on balloons that haven't been blown up and ones that have broken.
- For children younger than 18 months, keep them away from toys with any strings, straps or cords longer than 12 inches.
- If there are batteries, especially button batteries, make sure the compartments are secure and can't be opened by a young child. In addition, make sure to never leave new or used batteries where children can reach them.
- Watch out for painted jewelry, cheap metal or other toys with paint that seems to chip off easily. We know young children often put things in their mouths. The objects could contain lead, which is particularly harmful to children's developing brains and nervous systems.

TIPS FOR SMART TOYS

Understand all of the toy's features.
 Features to consider carefully: Cameras, microphones or sensors
 Chat functions
 Location sharing
 In-app purchases
 Level of individual personalization the toy is programmed to accomplish

Features that can be helpful: Parental safety controls Ability to set time limits

- Look for toys with a physical component to connect it to the internet: This can be as simple as having a button on the toy you must press in order to link it to other devices. Making sure someone must physically interact with the toy helps cut down on the risks of strangers abusing its internet connection. Some toys will require you to enter a password in an app to connect with the toy. This is a good, but physical requirements are best.
- Read the terms and conditions. Disclosures, and terms and conditions aren't fun or easy to read, but when it comes to toys, it's important for parents to read enough to try and find answers to key questions. These include:
- 1. If the toy has a microphone or a camera, is it recording your child's interactions with it? Are those communications transferred anywhere? To whom, and for what purpose?
- 2. Is the toy collecting any other information about your child, or transferring it to any company that isn't the manufacturer? Best to find manufacturers and toys that don't share any data at all.
- 3. How long does the company keep your child's data on file? The company should keep data only for as long as is required to fulfill its play function. If the policy doesn't explicitly state how long the company keeps data, this can be a red flag.
- 4. Does the company state it is allowed to change terms and conditions without notifying you? This can be a red flag, too.

Unfortunately, it's possible you won't find the answers to all of these questions in the terms and conditions or privacy policies. These documents can be purposefully vague and omit important information. If this is the case, it's safer to find a different toy made by a company that takes the security of children more seriously.

- Supervise playtime, especially with younger kids. This helps to ensure that if someone hacks the toy and is using it to interact with your child, you can take action immediately.
- Turn it off when not in use. For younger children, store it in a place your child can't reach when playtime is over to ensure they can't turn it on without supervision, re-enabling the toy to pose unmonitored risks.
- Stay on top of security updates. Many web-enabled toys and their companion apps will issue periodic updates. These are important to keep your family safe.

APPENDIX

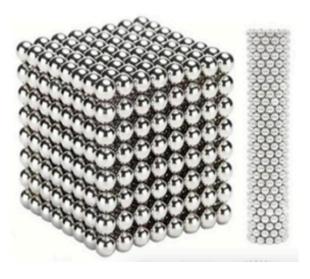
The Consumer Product Safety Commission issued nearly 3,400 violation notices from Jan. 1, 2023, through July 2024. About 1,100 of the products were toys. That doesn't include bikes, art supplies, clothing, outdoor, ride-on products, etc.

The CPSC flagged some of those products with formal unilateral warnings in the last year. When the companies didn't cooperate with a recall, the CPSC issued warnings that consumers shouldn't use the items. That's all they can do because the sellers or manufacturers are overseas. The public rarely learns about warnings. They usually don't get media coverage.

The CPSC issued 57 unilateral warnings so far this year. Here are a few of them:



Infant busy board. October 17, 2024. Pieces can break off and pose a choking hazard. CPSC issued a violation notice against the seller, Kindly Toys of Vietnam. The company didn't agree to a recall. They were sold on Amazon. The CPSC issued a warning: <u>CPSC Warns Consumers to</u> <u>Immediately Stop Using Kindly Toys Busy</u> <u>Board Toys</u>



High-powered magnets. July 18, 2024. Violation of mandatory federal regulation for magnet toys. CPSC issued a notice of violation against Dongguan Qihangren Trade Co. Ltd. of China. The company did not agree to a recall. The magnets were sold on Shein. The CPSC issued a warning. <u>CPSC Warns Consumers to Immediately</u> <u>Stop Using High-Powered Magnetic Ball</u> <u>Sets</u>

More magnetic fidget balls. Dec 7, 2023.

CPSC issued a notice of violation against the seller, Magic QQ of China. The company didn't agree to a recall. The fidget balls were sold on Temu. The CPSC issued a warning: <u>CPSC Warns Consumers to</u> <u>Immediately Stop Using Magic QQ's</u> <u>High-Powered Magnetic Ball Sets</u>

Magnetic chess game. May 30, 2024.

Violation of mandatory federal regulation for magnet toys. CPSC issued a notice of violation against the seller, Lihailidebeimeidianpu of China. The company did not agree to a recall. The chess set was sold on Amazon. The CPSC issued a warning: <u>CPSC Warns Consumers to</u> <u>Immediately Stop Using</u> <u>Lihailidebeimeidianpu Magnetic Chess</u> <u>Games</u>



Hammer and ball toy. April 11, 2024.

Small parts/choking hazard. CPSC issued a notice of violation to the seller, Chiwanji of China. The company didn't agree to a recall. The toys were sold on Walmart.com. The CPSC issued a warning.

<u>CPSC Warns Consumers to Immediately</u> <u>Stop Using Chiwanji Hammer Toys</u>



Water beads. March 19, 2024.

They contained acrylamide in violation of the Federal Hazardous Substances Act. The company, Jangostor of China, did not agree to a recall. The water beads were sold on Amazon. The CPSC issued a warning. <u>CPSC Warns Consumers to Immediately</u> <u>Stop Using Jangostor Water Beads</u>

Race & Chase Rainbow Musical Tree Ball Games. May 30, 2024.

Small balls pose a choking hazard to children younger than 3. CPSC issued a notice of violation to the seller, Bright Rise. The company didn't agree to a recall. They were sold on www.brightrise.co. The CPSC issued a warning:

<u>CPSC Warns Consumers to Immediately</u> <u>Stop Using Bright Rise Race & Chase</u> <u>Rainbow Musical Tree Ball Games</u>