

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

UNITED STATES OF AMERICA, Plaintiff, v. PHARMACARE, INC., d/b/a Farmacias Rey; CHINA DISTRICT PR LLC, d/b/a ChinaTown & More, ChinaTown & More Express, and Chinatown and More Mega Stores; QUALITY TRANSPORT & DISTRIBUTION LLC; and JUAN REYNOSO a/k/a Juan Amado Reynoso Cabrera, Defendants.	CIVIL NO. <u>21-cv-01438</u> (ADC) CONSENT DECREE OF PERMANENT INJUNCTION AND JUDGMENT
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CONSENT DECREE FOR PERMANENT INJUNCTION

WHEREAS the United States of America has filed a Complaint against Pharmacare, Inc., d/b/a Farmacias Rey ("Pharmacare"), China District PR LLC d/b/a ChinaTown & More, ChinaTown & More Express, and Chinatown and More Mega Stores ("China District"), Quality Transport & Distribution LLC ("QTD"), and Juan Reynoso, a/k/a Juan Amado Reynoso Cabrera ("Reynoso") (collectively referred to as "Defendants"), for a permanent injunction for alleged violations of statutes and regulations enforced by the U.S. Consumer Product Safety Commission ("CPSC" or "Commission"), including section 19 of the Consumer Product Safety

Act ("CPSA"), 15 U.S.C. § 2068; and section 4 of the Federal Hazardous Substances Act ("FHSA"), 15 U.S.C. § 1263.

WHEREAS the United States and defendants Pharmacare, China District, QTD, and Juan Reynoso consent to entry of this Consent Decree for Permanent Injunction (the "Decree"), without contest, and before any testimony has been taken;

WHEREAS, defendants Pharmacare, China District, QTD, and Juan Reynoso have waived service of the Summons and Complaint; the parties are represented by the attorneys whose names appear hereafter; and the parties want to settle this action upon the following terms and conditions, without adjudication of any issue of fact or law.

THEREFORE, on the agreement of the parties, it is hereby ORDERED, ADJUDGED, AND DECREED as follows:

FINDINGS


1. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1345.
2. This Court has jurisdiction, under 15 U.S.C. §§ 2071(a) and 1267(a), to restrain any violation of the CPSA and FHSA. All references to the CPSA and FHSA refer to those statutes and all terms used herein shall have the same meaning as defined and used in the CPSA and FHSA.
3. Venue in the District of Puerto Rico is proper under 28 U.S.C. § 1391(b) and (c).
4. At all times relevant hereto, defendant Pharmacare is a "manufacturer" and a "retailer" of "consumer products," as those terms are defined in section 3 of the CPSA, 15 U.S.C. § 2052(a). The CPSA defines a "manufacturer" as "any person who manufactures or

imports a consumer product.” 15 U.S.C. § 2052(a)(11).

5. At all times relevant hereto, defendant China District is a “manufacturer” and a “retailer” of “consumer products,” as those terms are defined in section 3 of the CPSA, 15 U.S.C. § 2052(a).

6. At all times relevant hereto, defendant QTD is a “manufacturer” of consumer products, as that term is defined in section 3 of the CPSA, 15 U.S.C. § 2052(a).

7. At all times relevant hereto, defendant Reynoso is and has been the president of defendants Pharmacare, China District, and QTD. As such, defendant Reynoso is ultimately responsible for the acts and practices of Pharmacare, China District, and QTD, including compliance with the requirements of the CPSA, the FHSA, and the regulations issued thereunder.



8. The Complaint states claims upon which relief may be granted against defendants under section 19(a) of the CPSA, 15 U.S.C. § 2068(a); and sections 4(a) and (c) of the FHSA, 15 U.S.C. §§ 1263(a) and (c).

9. The Complaint alleges that defendants Pharmacare, China District, and Reynoso violated the CPSA, 15 U.S.C. § 2068(a)(1), by selling, offering for sale, manufacturing for sale, distributing in commerce, or importing into the United States, consumer products or other products or substances that are regulated under the CPSA or any other Act enforced by the Commission, that are not in conformity with an applicable consumer product safety rule under the CPSA, or any similar rule, regulation, standard, or ban under any other Act enforced by the Commission. Specifically, the Complaint alleges that:

a. Pharmacare and Reynoso (collectively, “the Pharmacare defendants”)

violated the CPSA by manufacturing for sale, offering for sale, selling, distributing in commerce, or importing into the United States children's toys or child care articles, as defined by 15 U.S.C. § 2057c(g)(1)(B) and (C), that contain phthalate concentrations exceeding the allowable amount pursuant to 15 U.S.C. § 2057c(a);

b. The Pharmicare defendants violated the CPSA by selling, offering for sale, manufacturing for sale, distributing in commerce, or importing into the United States children's bicycle helmets that fail to meet the Safety Standard for Bicycle Helmets, 16 C.F.R. part 1203;

c. China District and Reynoso (collectively, the "China District defendants") violated the CPSA by selling, offering for sale, manufacturing for sale, distributing in commerce, or importing into the United States small carpets or rugs that failed to conform with the Standard for the Surface Flammability of Small Carpets and Rugs (FF 2-70), 16 C.F.R. § 1631.5;

d. The Pharmicare and China District defendants violated the CPSA, 15 U.S.C. § 2068(a)(6), by failing to furnish certificates based upon third-party testing for children's products that are subject to a children's product safety rule; and

e. The Pharmicare and China District defendants violated the CPSA, 15 U.S.C. § 2068(a)(6) by failing to comply with the requirement to have tracking labels on children's products.

10. The Complaint alleges that the Pharmicare and China District defendants violated the CPSA, 15 U.S.C. § 2068(a)(1) and (2)(D), and the FHSA, 15 U.S.C. § 1263(a) and (c), by introducing or delivering for introduction, and causing the introduction or delivery for

introduction, into interstate commerce of banned hazardous substances, or receiving in interstate commerce banned hazardous substances and delivering or proffering delivery thereof for pay or otherwise. Specifically, the Complaint alleges that:

a. The Pharmacare and China District defendants violated the CPSA and FHSA by manufacturing, importing, distributing or offering for sale, or selling children's products containing excessive lead, which are banned under 15 U.S.C. § 1278a.

b. The Pharmacare defendants violated the CPSA and FHSA by manufacturing for sale, importing, distributing or offering for sale, or selling the following:

- i. children's pacifiers that failed to meet the labeling requirements for pacifiers under 16 C.F.R. § 1511.7(a), and are therefore banned under 16 C.F.R. § 1500.18(a)(8); and
- ii. children's rattles that failed to meet the safety requirements for rattles under 16 C.F.R. part 1510, and are therefore banned under 16 C.F.R. § 1500.18(a)(15).

11. The Complaint alleges that the Pharmacare and China District defendants violated the CPSA, 15 U.S.C. § 2068(a)(1), and the FHSA, 15 U.S.C. § 1263(a) and (c), by delivering for introduction, and causing the introduction or delivery for introduction, into interstate commerce of banned hazardous substances, or receiving in interstate commerce banned hazardous substances and delivering or proffering delivery thereof for pay or otherwise. Specifically, the Complaint alleges that:

- a. The Pharmacare and China District defendants violated the CPSA and FHSA by manufacturing for sale, importing, distributing, offering for sale, or selling art materials that do not meet the requirements of the Labeling of Hazardous Art Materials Act. 15 U.S.C. §§ 1262(b), 1277(a) and (b).
- b. The Pharmacare defendants violated the CPSA and FHSA by manufacturing for sale, importing, distributing, offering for sale, or selling latex balloons, and toys or games containing a latex balloon, that lack the required cautionary statement and are misbranded hazardous substances under 16 C.F.R. § 1500.19(b).

12. The Complaint alleges that defendant Reynoso intends to use defendant QTD to import consumer products for defendants Pharmacare and China District in the future. The Complaint further alleges that the United States is entitled to injunctive relief against QTD because of Reynoso's common ownership and responsibility for the acts and practices of Pharmacare, China District, and QTD, and the prior violations of the CPSA, FHSA, and regulations issued thereunder by defendants Pharmacare and China District.

13. Defendants have entered into this Decree freely and without coercion.

14. Defendants hereby waive all rights to appeal or otherwise challenge or contest the validity of this Decree.

15. Entry of this Decree is in the public interest.

IT IS THEREFORE ORDERED AS FOLLOWS:

ORDER

1. The Defendants who are signatories to this Decree—Pharmacare, China District, QTD, and Reynoso—represent, at the time of the Defendants' signing of this Decree, that


Defendants have no orders pending for which they will be the importer from suppliers outside of the United States, with one exception described in paragraph 2, for the following products: a consumer product intended primarily for children 12 years of age or younger; an art material; a latex balloon, or a toy or game containing a latex balloon; a bicycle helmet; or a small carpet or rug (collectively, the "Subject Merchandise"), and no such orders will be placed prior to entry of this order. The United States includes Puerto Rico.

2. Defendant QTD has one pending order of small carpets or rugs, placed in March 2021, for which it will be the importer of record (identified herein as "the March Order"). QTD may import the March Order as long as labeling and other requirements under the CPSA and related regulations are met, and such compliance is fully documented. The March Order shall be subject to the terms of this Consent Decree.

3. Until the conditions in Paragraph 7 are satisfied, neither Defendants, nor any company or person related to them, will act as an importer with respect to the Subject Merchandise, except as set forth in Paragraph 2.

4. Defendants desire to continue offering for sale lawfully-imported Subject Merchandise that has been purchased from suppliers in the United States ("Domestic Supplied Subject Merchandise"). Defendants represent and agree that changing their business model to obtain Subject Merchandise only from suppliers located in the United States, instead of importing Subject Merchandise from suppliers outside of the United States, is not an attempt to evade future scrutiny by the CPSC.


5. Until the conditions set forth in Paragraphs 7 and 8 are satisfied, the United States and Defendants agree that Defendants will be permitted to continue offering for sale



Domestic Supplied Subject Merchandise only if Defendants obtain from their suppliers, and keep on file, all applicable certificates of compliance and children's product certificates required under the CPSA at 15 U.S.C. § 2063. Defendants shall make the applicable certificates of compliance and children's product certificates for Domestic Supplied Subject Merchandise immediately available for inspection or review at the request of the CPSC. Defendants' suppliers of Domestic Supplied Subject Merchandise shall not include Defendants' directors, officers, agents, servants, brokers, employees, successors, assigns, or attorneys, or any persons or entities in active concert or participation with any of them. This requirement does not prohibit Defendants from selling or transferring between and among the Defendants lawfully-imported Domestic Supplied Subject Merchandise obtained from suppliers in accordance with this Consent Decree. Within thirty (30) days of the signing of this Decree, Defendants shall provide the CPSC Office of Compliance and Field Operations ("Office of Compliance") a complete list of names, addresses, and contact information for Defendants' domestic suppliers of the Subject Merchandise, and, to the extent known by Defendants, a complete list of Defendants' foreign suppliers of the Subject Merchandise, and a complete list of names and importer of record numbers used or associated with any entity owned, managed, or controlled, in whole or in part, by Defendants. To the extent Defendants contract to purchase the Subject Merchandise from additional domestic suppliers, Defendants will provide the names, addresses, and contact information of those additional suppliers to the Office of Compliance. Within thirty (30) days of completing subparagraph 7(H) below, Defendants shall provide the Office of Compliance an updated complete list of Defendants' foreign suppliers of the Subject Merchandise and an updated complete list of names and importer of record numbers used or

associated with any entity owned, managed, or controlled, in whole or in part, by Defendants.

6. If any Subject Merchandise is imported by Defendants, despite representations in paragraphs 1-4 above, subsequent to entry of this order and prior to Defendants' written certification to the Office of Compliance as discussed in subparagraph 7(H) below, such merchandise shall be denied entry by the United States Customs and Border Protection, at the request of CPSC, and Defendants will immediately export such merchandise to a non-contiguous country. If any Subject Merchandise is not immediately exported, and is abandoned by Defendants, the U.S. government may seek reimbursement from the Defendants for the costs of disposing of the abandoned merchandise.




7. Defendants and each and all of their directors, officers, agents, servants, brokers, employees, successors, assigns, and attorneys, and all persons or entities in active concert or participation with any of them, who receive actual notice of this Decree by personal service or otherwise, are permanently enjoined from importing the Subject Merchandise into the United States, directly or indirectly, and/or selling, offering for sale, or distributing such imported Subject Merchandise, unless and until all of the following occur:

A. Defendants retain, at Defendants' sole cost and expense, an independent person or entity (the "Product Safety Coordinator") to help Defendants fulfill the requirements of subparagraphs 7(B), (C), and (D).

B. The Product Safety Coordinator conducts an in-person product audit of Subject Merchandise that was imported by Defendants (the "Foreign Imported Subject Merchandise") for compliance with the CPSA, the FHSA, any other Act enforced by the CPSC, and any regulations issued thereunder (the "Product Safety Audit" or

“Audit”). The Audit shall consist of a review of all Foreign Imported Subject Merchandise at Defendants’ headquarters/warehouse locations and their Coto Laurel, Ponce superstore location, and a reasonable sampling of Foreign Imported Subject Merchandise from at least two additional China District retail locations and at least two additional Pharmicare retail locations, randomly chosen by or at the discretion of the Product Safety Coordinator. To the extent that circumstances associated with the COVID-19 pandemic make an in-person Audit impracticable or create a reasonable apprehension of a health risk, the parties shall negotiate in good faith alternative actions by the Product Safety Coordinator that will satisfy the requirements of the Consent Decree.



C. During the Product Safety Audit, the Product Safety Coordinator shall quarantine all Foreign Imported Subject Merchandise, if any, until the terms of the Decree have been satisfied. Foreign Imported Subject Merchandise that the Product Safety Coordinator identifies during the Audit as meeting all applicable requirements of the CPSA, the FHSA, any other Act enforced by the CPSC, and any regulations issued thereunder, including all required testing under 15 U.S.C. § 2063(a)(1) or (2), as applicable, and for which Defendants have in their possession applicable certificates required under 15 U.S.C. § 2063(a)(1) or (2), and any regulations issued thereunder may be sold immediately by Defendants without seeking prior approval from the CPSC. At the conclusion of the Audit, the Product Safety Coordinator shall prepare a written report analyzing whether, as to the Foreign Imported Subject Merchandise, Defendants are operating in compliance with the CPSA, the FHSA, any other Act enforced by the

CPSC, any regulations issued thereunder, and this Decree. The report shall include:

i. The specific results of the Product Safety Coordinator's Audit, including references to product names and regulations addressed in the process of conducting the review and a list of Subject Merchandise that is in compliance and thus not quarantined;

ii. A list of Foreign Imported Subject Merchandise in inventory that do not comply with current requirements and are quarantined, and a plan for their correction or disposition if no correction is possible. To the extent such products exist, Defendants shall immediately identify and quarantine, under the supervision of the Product Safety Coordinator, all Foreign Imported Subject Merchandise in their inventory having the same product description as any violative Foreign Imported Subject Merchandise identified during the Audit, regardless of retail location;


iii. References to all information reviewed by the Product Safety Coordinator in compiling the contents of the report;

iv. The Product Safety Coordinator shall submit this report to Defendants no later than 30 calendar days after completing this review and within a reasonable time thereafter to the Office of Compliance, but no later than twenty (20) calendar days after Defendants' receipt of the report. The provision for maintaining confidentiality of information covered by 15 U.S.C. § 2055 applies to all information submitted to the CPSC under this Consent Decree.


D. Should the Product Safety Coordinator identify any deficiencies as

described in subparagraph (C), the Product Safety Coordinator shall advise Defendants of actions Defendants must take to correct all such deficiencies;

E. Defendants establish, with the assistance of qualified outside product safety counsel, an independent third-party consultant, and/or a Product Safety Coordinator, a comprehensive, written product safety program with written standard operating procedures ("SOPs") designed to ensure continuous compliance with applicable federal laws, standards, and regulations enforced by the CPSC. Defendants shall provide the Office of Compliance with a written report describing the product safety program and/or a copy of the product safety program within sixty (60) days of its establishment. The written product safety program shall include elements to ensure compliance in light of the violations identified in the complaint in this action including:


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- i. Measures to ensure that Defendants comply with all certificate requirements under 15 U.S.C § 2063(a)(1) and (2);
 - ii. Measures to ensure that Defendants do not import or sell any products without cautionary labeling required by the CPSA, the FHSA, any other Act enforced by the CPSC, and any applicable regulations;
 - iii. Measures to ensure that Defendants' suppliers of Foreign Imported art materials have conducted the toxicological evaluation of the formulation of art materials as required by 15 U.S.C. § 1277 and 16 C.F.R. § 1500.14(b)(8); have had the required information submitted to the Commission under 16 C.F.R. §

1500.14(b)(8)(ii)(C); have labeled all art materials as required by 16 C.F.R. § 1500.14(b)(8)(i)(C); and, in the case of children's art materials, have performed all other required testing;

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- iv. Measures to ensure that, when acting solely as a retailer Defendants' purchase orders require suppliers of Domestic Supplied Subject Merchandise to provide Defendants, upon request, with certificates of compliance, children's product certificates, and supporting test results. These protocols will be put in place to monitor Defendants' domestic suppliers' conformity with all applicable consumer product safety rules, children's product safety rules, or similar bans, standards, or regulations under the CPSA, the FHSA, any other Acts enforced by the CPSC, and any regulation as required under 15 U.S.C § 2063(a)(1) and (2);
 - v. Measures to ensure that Defendants' suppliers of children's products as defined herein have executed purchase orders with Defendants that require suppliers to place permanent, distinguishing marks (tracking labels) on the product and its packaging when practicable and as required by 15 U.S.C. § 2063(a)(5);
 - vi. Measures to ensure that procedures for any product safety program are followed consistently;
 - vii. Measures to ensure that the Defendants adequately correct any

product violation cited by the CPSC in a notice of violation or notice of non-compliance, conduct any corrective action, and respond to any CPSC notice of violation, notice of non-compliance, or other written inquiry in a timely manner; and

viii. Measures to ensure that Defendants investigate all reports of consumer safety-related incidents and implement corrective internal procedures should systemic issues relating to compliance with CPSC requirements be identified.



F. Defendants ensure for all Foreign Imported Subject Merchandise audited or identified pursuant to paragraphs 7(B) or 7(C)(ii) (collectively, "Audited Subject Merchandise") that a CPSC-accepted, accredited, third-party conformity assessment body has conducted certification testing on all children's products that lack valid children's product certificates.

G. Defendants obtain from their suppliers of Foreign Imported Subject Merchandise certificates of compliance for all Audited Subject Merchandise that is subject to any children's product safety rule that does not already have a valid certificate of compliance, verifying that each of the children's products offered for sale by Defendants comply with such children's product safety rule, to the extent required by 15 U.S.C. § 2063(a)(2), 16 C.F.R. part 1110, and other applicable rules;

H. Defendants provide a written certification to the Office of Compliance that:

i. Defendants have established a comprehensive product safety

program and internal policies for implementing that program;

ii. All Foreign Imported Subject Merchandise has been examined for compliance per subparagraph 7(B);

iii. Defendants have addressed the violations brought to Defendants' attention by the CPSC and the Product Safety Coordinator, and have implemented any measures identified by the Product Safety Coordinator's report as described in subparagraph 7(C) of this Decree, and any other source;

iv. Defendants have taken all required actions pursuant to law or required under this Consent Decree related to any Subject Merchandise as instructed by the Office of Compliance or identified by the Product Safety Coordinator;

v. To the extent required by law, for each such Audited Subject Merchandise imported by Defendants that passes the required testing, Defendants have issued a certificate, or have a certificate from the supplier of the product, that certifies that such consumer product complies with all rules, bans, standards, or regulations applicable to the product under the CPSA, the FHSA, and any other Act enforced by the CPSC;

vi. The Product Safety Coordinator has identified and provided a list to Defendants of the Audited Subject Merchandise in Defendants' inventory that Defendants imported for consumption, warehousing, or distribution in the United States that is a children's product subject to a children's product safety rule;

vii. For each such children's product within the Audited Subject Merchandise that meets the requirements of applicable standards, regulations, or bans through the third-party testing, Defendants have bona fide certificates certifying that such children's product complies with each children's product safety rule based on testing by a third-party conformity assessment body accepted by CPSC and accredited to conduct such testing.

8. Defendants shall comply with subparagraphs 7(E)(ii) and (iv)-(viii) within one year of the entry of this Decree, regardless of Defendants' status as an importer of the Subject Merchandise. Within sixty (60) days of complying with this provision, Defendants shall provide a written certification to the Office of Compliance stating that they have done so. To the extent that alternative measures are negotiated as a result of the COVID-19 pandemic as set forth in paragraph 7(B), the parties shall negotiate in good faith to adjust the dates contained in this paragraph, as necessary.


9. For a period of at least one year from the date the Defendants provide a written certification to the Office of Compliance pursuant to subparagraph 7(H) (the "monitoring period"), the Defendants shall retain the Product Safety Coordinator to monitor the Defendants' implementation of the comprehensive product safety program and compliance with the requirements of this Decree and all relevant statutes and regulations. The Product Safety Coordinator shall provide a written report to the Office of Compliance regarding Defendant's implementation of the product safety program ninety (90) days prior to the conclusion of the initial one-year monitoring period. If, during the monitoring period, the CPSC finds that the Defendants are not in compliance with this Decree, the CPSC may give the Defendants written

notice of a 180-day extension of the monitoring period.

10. In the event that the CPSC notifies Defendants that a product is in violation of a statute, rule, regulation, standard, or ban administered by the CPSC, or that the CPSC finds that the Defendants are not in compliance with any other aspect of this Decree, the Defendants may present evidence to the CPSC through the procedures described in the notice.

11. Defendants, and each and all of their directors, officers, agents, servants, brokers, employees, attorneys, successors, assigns, and all persons or entities in active concert or participation with any of them who receive actual notice of this Decree by personal service or otherwise, are hereby permanently restrained and enjoined from directly or indirectly doing or causing to be done any of the following acts:

Violating the CPSA



A. Violating section 19(a)(1) of the CPSA, 15 U.S.C. § 2068(a)(1), by selling, offering for sale, manufacturing for sale, distributing in commerce, or importing into the United States any consumer product, or other product or substance that is regulated under the CPSA or any other Act enforced by the Commission, that is not in conformity with an applicable consumer product safety rule under the CPSA, or any similar rule, regulation, standard, or ban under any Act enforced by the Commission, including, but not limited to:


i. Any children's toy or child care article that contains concentrations of phthalates in violation of 15 U.S.C. § 2057c;

ii. Any bicycle helmets that fail to meet the requirements of the Safety Standard for Bicycle Helmets, 16 C.F.R. part 1203;

iii. Any small carpet or rug that fails to meet the Standard for the Surface Flammability of Small Carpets and Rugs under 16 C.F.R. part 1631, in violation of section 3(a) of the Flammable Fabrics Act, 15 U.S.C. § 1192(a);

iv. Any product that is subject to any consumer product safety rule or any children's product safety rule and lacks a conformity certificate to the extent required under 15 U.S.C. § 2063 and applicable rules, regulations, and enforcement policies of the CPSC; and

v. Any children's product that has not been tested by an accredited third party conformity assessment body accepted by the CPSC to the extent required under 15 U.S.C. § 2063(a)(2) and applicable rules, regulations, and enforcement policies of the CPSC.



B. Violating section 19(a)(2)(D) of the CPSA, 15 U.S.C. § 2068(a)(2)(D), by selling, offering for sale, manufacturing for sale, distributing in commerce, or importing into the United States any consumer product, or other product or substance that is a banned hazardous substance within the meaning of section 2(q)(1) of the FHSA, 15 U.S.C. § 1261(q)(1), including, but not limited to, the violations discussed in subparagraph (E) below.


C. Violating section 19(a)(6) of the CPSA, 15 U.S.C. § 2068(a)(6), by failing to furnish a certificate required by this Act or any other Act enforced by the Commission, or issuing a false certificate, if such person, in the exercise of due care, has reason to know that the certificate is false or misleading in any material respect; or failing to comply with any requirement of section 14 of the CPSA, 15 U.S.C. § 2063,

(including the requirement for tracking labels), or any rule or regulation under such section.

D. Engaging in any other act or practice that would violate the CPSA, 15 U.S.C. §§ 2051-2089.

Violating the CPSA and FHSA

E. Introducing or delivering for introduction, or causing the introduction or delivery for introduction, into interstate commerce any banned hazardous substance, or receiving in interstate commerce any banned hazardous substance and delivering or proffering to deliver thereof for pay or otherwise, in violation of section 4 of the FHSA, 15 U.S.C. § 1263(a) and (c), including, but not limited to:

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- i. Any children's product containing lead exceeding the limits established in 15 U.S.C. § 1278a;
 - ii. Any children's pacifiers that do not meet the requirements for pacifiers, 16 C.F.R. part 1511; and
 - iii. Any children's rattles that do not meet the requirements for rattles, 16 C.F.R. part 1510.


F. Introducing or delivering for introduction, or causing the introduction or delivery for introduction, into interstate commerce any misbranded hazardous substance or receiving in interstate commerce any misbranded hazardous substance and delivering or proffering to deliver thereof for pay or otherwise, in violation of section 4 of the FHSA, 15 U.S.C. § 1263(a) and (c), including, but not limited to:

- i. Any art material, as defined in 16 C.F.R. § 1500.14(b)(8)(i)(B)(1)

and (2), that does not meet the requirements of the Labeling of Hazardous Art Materials Act, 15 U.S.C. §§ 1262(b), 1277(a) and (b), and 16 C.F.R. § 1500.14(b)(8); and

ii. Any latex balloon, or toy or game containing a latex balloon, as defined in 16 C.F.R. § 1500.19(a)(3), that lacks the required cautionary statement under 15 U.S.C. § 1278(b)(2).

G. Engaging in any other act or practice that would violate the FHSA, 15 U.S.C. §§ 1261-1278.




12. For a period of five (5) years after the date of entry of this Decree, if there are any changes to the list of names and importer of record numbers used or associated with any entity owned, managed, or controlled, in whole or in part by Defendants, that Defendants provided pursuant to paragraph 5, Defendants shall promptly provide an update in writing to the Office of Compliance.

13. Defendants shall maintain, and provide promptly to the CPSC upon request, for at least five (5) years after the date of this Decree, any records of analyses, testing, and certificates of conformance for any consumer product required to be kept by said parties by this Decree and all applicable laws. Defendants shall also maintain, and provide promptly to the CPSC upon request, for at least five (5) years after the date of this Decree, records of all consumer safety related incidents regarding consumer products that Defendants imported or distributed in the United States, regardless of where the incident occurred, to the extent reasonably available and permitted by law.

14. If, at any time after this Decree has been entered, the CPSC determines, based

on a review of inspection results, import examinations, a report prepared by the Product Safety Coordinator, or any other information, that Defendants have failed to comply with any provision of this Decree, have violated the CPSA, the FHSA, any other Act enforced by the CPSC, or any applicable regulations, or that additional corrective actions are necessary to achieve compliance with the law, applicable regulations, and/or this Decree, the CPSC may notify Defendants in writing of the noncompliance, consistent with the Office of Compliance's regular procedures, and request Defendants take appropriate corrective action, including, but not limited to, ordering Defendants to immediately take one or more of the following actions:



A. Cease importing, offering for sale, selling, and distributing in commerce any toy or other consumer product intended primarily for children 12 years of age or younger; any bicycle helmet; any art material; any latex balloon or any toy or game containing a latex balloon; and/or any small carpet or rug;


B. Revise any measures prepared under this Decree to address such violations;

C. Submit additional reports or information to the CPSC as requested;

D. Take any other corrective action(s) as the CPSC deems necessary to bring Defendants and their products into compliance with the CPSA, the FHSA, and any other Act enforced by the CPSC, any applicable regulations, and/or this Decree. This remedy shall be separate and apart from, and in addition to, any other remedy available to the United States under this Decree or under the law.

15. Within ten (10) calendar days after the date of entry of this Decree, Defendants shall post copies of this Decree on all electronic systems or bulletin boards as well as in any

physical common areas at their headquarters, warehouses, and retail locations, and at any other locations at which Defendants conduct business within the CPSC's jurisdiction, and shall ensure that the Decrees remain electronically posted in systems and at each physical location until the completion of the monitoring period described in Paragraph 9.



16. Within ten (10) calendar days after the date of entry of this Decree, Defendants shall provide a copy of the Decree, by personal service or certified mail (restricted delivery, return receipt requested), to each and all of their directors, officers, agents, servants, brokers, employees, attorneys, and all persons in active concert or participation with them (collectively referred to as "Associated Persons"). Within thirty (30) calendar days after the date of entry of this Decree, Defendants shall provide to the CPSC's General Counsel an affidavit stating the fact and manner of their compliance with this paragraph, identifying the names, addresses, and positions of all persons who received a copy of this Decree pursuant to this paragraph, and attaching a copy of any executed certified mail return receipts.

17. If any of the Defendants becomes associated with any additional Associated Person(s) at any time after the date of entry of this Decree, such Defendant shall provide immediately a copy of this Decree, by personal service or certified mail (restricted delivery, return receipt requested), to such Associated Person(s). Within ten (10) calendar days after the date on which any of the Defendants becomes associated with any such additional Associated Person, such Defendant shall provide, to the CPSC's General Counsel, an affidavit stating the fact and manner of the applicable Defendant's compliance with this paragraph, identifying the names, addresses, and positions of any Associated Person(s) who received a copy of this Decree pursuant to this paragraph, and attaching a copy of the executed certified mail return receipts.


18. Within ten (10) calendar days of receiving a request from the CPSC for any information or documentation that the CPSC deems necessary to evaluate Defendants' compliance with this Decree, Defendants shall provide such information or documentation to the CPSC.

19. The Defendants shall notify the CPSC's General Counsel in writing at least ten (10) calendar days before (1) consummation of a sale, lease, exchange, or transfer of all or substantially all of the assets of Pharmicare, China District, or QTD; any merger, consolidation, or reorganization of Pharmicare, China District, or QTD; or any change in ownership of Pharmicare, China District, or QTD in which the holders of the outstanding equity of these businesses immediately before the transaction do not hold voting control, or at least 50% of the outstanding equity of, the surviving entity after the transaction; or (2) adoption or approval by Pharmicare, China District, or QTD of a plan of liquidation or dissolution or an agreement relating to or calling for liquidation or dissolution of Pharmicare, China District, or QTD.

20. All notifications, certifications, reports, correspondence, and other communications to the Office of Compliance as required by the terms of this Decree shall be addressed to the Director, Office of Compliance and Field Operations, CPSC, 4330 East West Highway, Bethesda, MD 20814, and to an email address provided by CPSC. All notifications, certifications, reports, correspondence, and other communications to the CPSC's General Counsel as required by the terms of this Decree shall be addressed to the General Counsel, Office of the General Counsel, CPSC, 4330 East West Highway, Bethesda, MD 20814, and to an email address provided by CPSC.

21. If any Defendant fails to comply with the provisions of this Decree, said

Defendant shall pay to the United States of America: (a) five thousand dollars (\$5,000) in liquidated damages for each violation of the CPSA, the FHSA, and any other Act enforced by the CPSC, any applicable regulations, and/or this Decree; and (b) an additional five hundred dollars (\$500) in liquidated damages per day, per violation, for each violation of the CPSA, the FHSA, and any other Act enforced by the CPSC, any applicable regulations, and/or this Decree. Defendants understand and agree that the liquidated damages specified in this paragraph are not punitive in nature and do not in any way limit the ability of the United States of America to seek, and the Court to impose, additional criminal or civil contempt penalties based on conduct that may also be the basis for the payment of liquidated damages.



22. If Defendants violate this Decree and are found in civil or criminal contempt thereof, Defendants shall, in addition to other remedies, reimburse the United States for its attorneys' fees, including overhead, investigational expenses, and court costs relating to such contempt proceeding.

23. Each party shall bear its own costs and attorneys' fees.

24. The provisions of this Decree are separate and severable from one another. If any provision is stayed or determined to be invalid, the remaining provisions shall remain in full force and effect.

25. This Court shall retain jurisdiction of this matter for purposes of construction, modification, and enforcement of this Decree.

26. The parties, by their respective counsel, hereby consent to entry of the foregoing Decree, which shall constitute a final judgment and order in this matter as to injunctive relief. The parties further stipulate and agree that the entry of the foregoing Decree shall constitute


full, complete, and final settlement of this action as to injunctive relief.

IT IS SO ORDERED, this 16th day of September, 2021.


UNITED STATES DISTRICT JUDGE

The undersigned hereby consent to the entry of the foregoing Decree:

FOR PLAINTIFF:


W. STEPHEN MULDROW
United States Attorney
District of Puerto Rico

s/ David O. Martorani-Dale
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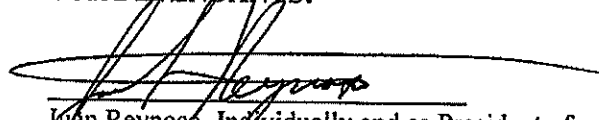
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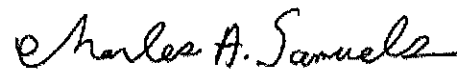
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FOR DEFENDANTS:



Juan Reynoso, Individually and as President of
Pharmacare, Inc., China District PR LLC, and
Quality Transport & Distribution LLC



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