CFAnews

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CONSUMER FEDERATION OF AMERICA

Corporate Reform Bill Signed Into Law

In a surprise turn-around that came in response to the Worldcom accounting scandal, Congress passed and the president signed relatively strong corporate reform legislation.

"Before the Worldcom revelations, the most likely outcome appeared to be either congressional stalemate or passage of a bill so weak as to be all but worthless," said CFA Director of Investor Protection Barbara Roper.

"Coming when it did, however, this new massive accounting scandal made opponents of reform unwilling to publicly pursue the bill-weakening strategy they had previously followed," she added.

As a result, the administration and congressional Republicans were forced to accept the stronger Senate bill over the sham House reform bill they had previously favored.

At the heart of the new law, which was adopted just before Congress left for its August recess, are its provisions subjecting auditors of public companies to regulation by a new independent oversight board.

The legislation gives the board authority to register audit firms and their employees, inspect their operations, conduct investigations of suspected wrong-doing, impose sanctions, and set ethical, quality control, and audit standards.

The bill also takes modest steps to enhance auditor independence by scaling back the consulting services that auditors can provide to audit clients, as well as more meaningful steps to improve corporate board audit committees' ability to oversee audits more effectively.

Broad Reforms Included

These provisions are combined with a host of additional corporate reform measures, including provisions to:

- authorize dramatically increased funding for the Securities and Exchange Commission;
- enhance the independence of the Financial Accounting Standards Board;
- reduce the incentives for corporate executives to make misleading disclosures and provide greater accountability, including strong criminal sanctions, when they do; and
- lengthen the statute of limitations for securities fraud lawsuits.

Although the major accounting firms attempted to find sponsors for amendments to gut the bill's key provisions both on the Senate floor and in conference committee, they were largely unsuccessful.

They were more successful, however, in preventing strengthening amendments from being offered during Senate floor debate. As a result, the bill is not as strong as it should be in several key areas, such as enhancing auditor independence, ensuring the independence of the new auditor oversight board, or restoring aiding and abetting liability for private securities fraud lawsuits.

"It is highly unfortunate that Senate leaders passed up this opportunity to fix certain key short-comings in the bill," Roper said. "Still, the legislation that passed the Senate was far stronger than could have been predicted just a few short weeks before."

Aided by the president's call for passage of a bill before the August recess, Sen. Paul Sarbanes (D-MD) did "a masterful job of holding off efforts to weaken the bill in conference," she added.

Audit Board Key to New Law's Effectiveness

The key test now of the administration's commitment to reform is how it implements the bill and, particularly, who it appoints to the new auditor oversight board, Roper said.

That task is delegated to the SEC, in consultation with the Department of Treasury and Federal Reserve.

CFA, U.S. Public Interest Research Group, Common Cause, Consumer Action, and Consumers Union wrote to SEC Chairman Harvey Pitt and other SEC commissioners in August urging them to "go beyond the minimum requirements of the law and appoint an auditor oversight board made up entirely of individuals who are strong, unwavering advocates of audit reform."

Among other things, the groups urged commissioners to: impose a two- to three-year cooling-off period on all accountant members; select non-accountants who are independent of the accounting industry; and appoint a chairman who is not an accountant, who has the prominent public profile that will provide real credibility to the board, and who has been an outspoken champion of the strongest possible oversight board.

"The first oversight board will be more important than any of its successors, because it will be responsible for creating the overall structure upon which the board will be built, putting together a strong team of employees to carry its mission forward, defining the agenda for raising the quality of audits of public companies, and setting up the inspection and enforcement programs that are essential to effective deterrence," the groups wrote.

"Because of the central role the auditor oversight board will play in improving the quality of corporate disclosures, getting the board off to a strong start is key to restoring investor confidence," they added.

"A board made up of outspoken advocates for reform — individuals who are unlikely to back down in the face of any political pressure the accounting firms are able to exert — is essential to that process."

The SEC has until the end of October to appoint a board.

On the **Web**
http://www.consumerfed.org/backpage/071502_auditreform_senate_passage_release.html
http://www.consumerfed.org/backpage/072202enron_weakening_amendments.html
http://www.consumerfed.org/audit_board_ltr.pdf

Congress Addresses Consumer Issues

In a turbulent late-July session dominated by corporate reform legislation, Congress also found time to work on a number of other important issues, with decidedly mixed results for consumers.

Anti-consumer bankruptcy and terror insurance legislation both moved closer to passage, but progress was also made on pro-consumer legislation to speed approval of generic drugs.

On the Hill

"July was definitely a mixed blessing for consumers," said CFA Legislative Director Travis Plunkett. "But the unfortunate fact is that, when Congress returns in September, it is most likely to finalize the two bills that will hurt consumer interests while leaving the pro-consumer generic drug bill hanging."

Passage of Anti-consumer Bankruptcy Bill Delayed

Just days after a final deal was announced on legislation that would limit consumer access to a fresh start in bankruptcy, the vote was delayed by a dispute over a provision aimed at abortion clinic protestors who file bankruptcy to escape fines.

As a result, Congress left for August without passing a bill, offering a welcome reprieve for consumers.

"Terrorist attacks, the recession, and ongoing corporate scandals have all taken their toll on the economy and left many families vulnerable to bankruptcy," Plunkett said. "Congress couldn't pick a worse time to make it more difficult for families to get back on track financially."

Still, few think this is more than a temporary delay, and the bill is likely to be on the legislative calendar soon after Congress returns in September.

Ironically, data released by CFA in August shows that, even as they were aggressively pushing to restrict consumer access to bankruptcy, credit card issuers have dramatically expanded their marketing and available credit over the past year.

In the twelve-month period ending March 31, issuers mailed five billion solicitations — nearly 50 per U.S. household. They now make available more than $3 trillion of unused lines of credit — about $30,000 per household.

"Credit card issuers are shamelessly escalating their marketing and available credit to stratospheric levels while demanding that Congress give them relief by making it harder for consumers to declare bankruptcy," Plunkett said.

"Can any of them explain why they need this relief when their profits are increasing, they are trying to sell many more cards, and they are offering card-holders far more credit?"

Issuer interest in marketing credit cards is growing much more rapidly than consumer interest in accepting new cards, the data suggests. Over the past five years, the consumer response rate to mail solicitations has declined by well over one-half — from 1.3 percent in 1997 to 0.5 percent in the first quarter of 2002.

Similarly, while issuers have nearly doubled available lines of credit over the past five years, consumers have increased their credit card borrowing by less than one-quarter. As a result, the ratio of revolving credit to unused lines of credit declined from 33.2 percent in 1997 to 22.1 percent at the end of March 2002.

Meanwhile, bankcard profits increased in 2001 to their second highest level in the last five years, according to the Federal Reserve. Profits are more than 50 percent higher than in 1997.

Growing profits were largely driven by the increasing "interest rate gap" between the benchmark rate set by the Federal Reserve and interest rates charged by major

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On the Hill

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card issuers to consumers.

While the Federal Reserve last year cut interest rates by 4.75 percent, creditors cut their rates by only 1.35 points on average.

The main thrust of the bankruptcy bill is to prohibit debtors who do not meet income and expense requirements (determined by a complicated formula) from declaring chapter 7 bankruptcy, in which most debts are wiped away.

Those who don't qualify for chapter 7 would have to enter chapter 13 bankruptcy, in which most debts are restructured and repaid over several years.

The effect of the bill would be to make it harder for modest-income Americans to get a fresh start in bankruptcy, while failing to rein in abusive creditor practices.

It would also "encourage issuers to market and extend credit even more aggressively," Plunkett said.

Terror Insurance Bill Heads to Conference

Despite evidence that terror insurance legislation is largely unnecessary, Congress moved an important step closer to passage in July when it appointed conferees to work out differences between House and Senate bills.

Those differences are substantial. The House bill would require that funds provided to the insurance industry in the wake of a terrorist attack be paid back over time. The Senate bill imposes no such requirement.

As a result, the Senate bill would be far more costly for taxpayers, according to an analysis released by CFA in August. That analysis found that the Senate bill would have a $2.8 billion budgetary impact, never to be recovered, while the House bill would have a net budgetary impact of $380 million, to be fully repaid by 2007.

On the other hand, the House bill includes onerous liability limits that are absent from the Senate bill.

The real news, however, is that a fast-developing private market for terrorism insurance has made the pending legislation largely unnecessary, according to separate CFA research also released in August.

As a result of that analysis, CFA has withdrawn its support for broad federal back-up legislation and now backs narrower, targeted measures.

The report, which updates a CFA study of the insurance marketplace in January, found that terrorism insurance is widely available, rates are falling, the insurance industry is in extremely good financial shape, and banks are lending freely to businesses, regardless of whether they have terror coverage.

"There is no terrorism insurance crisis," said CFA Insurance Director J. Robert Hunter. "Even many of the biggest terrorism targets like skyscrapers and airlines are finding insurance coverage."

"There are problems in the market, especially with high rates and price gouging, but the most severe problems are unrelated to terrorism risk," he said.

"This study indicates that the broad legislation Congress is close to enacting is unnecessary and would have a chilling effect on the vigorous market for terror insurance that is emerging," Plunkett added.

"What Congress should do instead is help only the potential terrorist targets that can't get coverage, like some skyscrapers," he said.

Instead of the across-the-board reinsurance offered by both the House and Senate bills, CFA recommends that federal reinsurance be offered for individual risks, such as an office tower or company, for losses above $500 million to $1 billion with a requirement that assistance be paid back over time.

In addition, Congress should provide incentives to encourage the development of more private alternatives to the overpriced insurance of today's market, by: expanding the Liability Risk Retention Act (allowing small and mid-sized firms to pool their risk) to property insurance; determining if there are any tax disincentives for the development of captive insurance or self-insurance mechanisms; and developing proposals to encourage the securitization of risk.

Finally, states should be required to certify that rates are not excessive, and insurers should be required to inform their customers about the specific cost of terrorism coverage on their bill.

Should Congress insist on going forward with a broad bill, CFA urged: that assistance be provided in the form of a loan, not a handout; that industry be required to pay for a greater proportion of losses; and that rates be rolled back to reflect the reduced level of insurer risk that would occur if federal back-up is provided.

Generics Bill Salvaged From Failed Medicare Drug Bill

After repeated efforts to reach a compromise on creating a Medicare drug benefit failed, the Senate passed legislation making it harder for drug companies to block the introduction of generic alternatives.

"This legislation could not come at a more important time," Plunkett said, noting that drug companies charge more for prescription drugs in this country than in any other industrialized nation, that drug prices are increasing much faster than inflation or even overall health care costs, and that tens of millions of Americans have either no prescription drug coverage or inadequate coverage.

"This bill will save Americans billions of dollars by increasing the timely availability of safe, cost-effective generic drugs," he said. "It does this by stopping prescription drug manufacturers from using frivolous legal maneuvers and anti-competitive tactics to block the introduction of generic alternatives onto the market," he added.

Despite the fact that the bill passed the Senate by a large margin of 78-21 and has bipartisan support in the House, Republican House leaders have shown little enthusiasm for it. As a result, there is a very good chance the bill won't even be considered in committee in the House.

The bill discourages brand name manufacturers from filing invalid patent listings with the Food and Drug Administration (FDA) and makes it easier for generic applicants to challenge such listings.

It would also: limit the ability of brand name manufacturers to invoke multiple stays to delay generic market entry; take several steps to prevent anti-competitive contracts in which generic firms are paid by the brand-name manufacturer not to compete; streamline patent infringement litigation; and make it easier to bring several classes of generic drugs to the market.

Republicans Seek Medical Malpractice Limits

In the midst of the debate over Medicare prescription drug benefits, President Bush called on Congress to impose substantial new restrictions on medical malpractice liability as a means to keep health care costs down.

Sen. Mitch McConnell (R-KY) offered an amendment to the drug benefits bill that would have capped punitive damages, raised the standard of proof for plaintiffs, and capped attorney fees.

CFA wrote to members of the Senate in July urging opposition to the amendment on the grounds that it "limits patients' rights without attacking the root causes of the malpractice insurance crisis."

An analysis by CFA's Hunter shows that "it is the 'hard' insurance market and the industry's own business practices that are largely to blame for the rate shock that physicians have experienced in recent months."

CFA conveyed the same message in a letter to President Bush, and criticized the Department of Health and Human Services for providing one-sided, erroneous, and incomplete information to the president on the causes of rising medical malpractice insurance rates.

Contrary to the claims of the insurance industry and the dubious HHS report, the CFA analysis found that:

- rising medical malpractice rates are part of an overall trend of rising commercial insurance rates;
- the rate problem is caused by the classic turn in the economic cycle of the industry, sped up but not caused by the terrorist attack;
- insurers have under-priced malpractice premiums over the last decade, with inflation adjusted premiums having declined by 32.5 percent from 1991 to 2000;
- further limiting patients' rights to sue for medical injuries would have virtually no impact on lowering overall health care costs;
- insurer losses for medical malpractice have risen slowly in the last decade, by just over the rate of inflation;
- malpractice claims have not "exploded" in the last decade, with no growth in the average paid claim having been recorded; and
- medical malpractice profitability over the last decade has been excellent, despite a decline in profits over the last two years.

"Each time the insurance cycle turns, the response by insurers is predictable. They shift from inadequate under-pricing to unconscionable over-pricing, cut back on coverage, and blame large jury verdicts for the problem," Plunkett wrote in a letter to senators urging opposition to the McConnell amendment.

Failure of the Senate to pass a Medicare prescription drug bill eliminated that legislation, at least for now, as a vehicle for the medical malpractice restrictions.

On the **Web**

http://www.consumerfed.org/backpage/081402bankruptcy_credit_card_report_02_2.html
http://www.consumerfed.org/terror_insurance_report.pdf
http://www.consumerfed.org/082202_Disaster-terror_insurance_8-02_report_release.html
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http://www.consumerfed.org/backpage/073102medmalrelease.html

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Deregulation Caused Current Utility Crisis

The current crisis in the electricity and telecommunications industries is the direct result of the destabilizing effects of deregulation, according to a CFA report released in August.

"Deregulation destroyed the delicate balance American capitalism struck between public responsibilities and private interests," said CFA Research Director Mark Cooper, author of U.S. Capitalism and the Public Interest: Restoring the Balance in Electricity and Telecommunications.

Public policies currently being pursued in Congress and at the Federal Communications Commission and the Federal Energy Regulatory Commission fail to recognize that central reality and thus threaten to make the problem worse, the report concludes.

The report identifies five public values that play a central role in the electricity and telecommunications markets — public infrastructure, public resources, public responsibility, public participation and cooperation, and public information and knowledge — and explains how deregulation destroys these values.

Specifically, the report shows that:

• Deregulation undermined the long-term perspective needed for funding and stability of utilities, resulting in a dramatic increase in the cost of capital.

• Deregulation underestimated the need for management of the public assets on which these "wires" industries depend — public rights of way, for example, and use of common resources such as airwaves.

• Deregulation diminished incentives and relaxed the obligations to provide just, reasonable, and non-discriminatory access to vital networks, imposing substantial disruption costs on the public.

• Deregulation short-circuited the cooperation (seamless interconnection and smooth operation) necessary to run highly complex, integrated networks, thus raising transaction costs.

• And, finally, deregulation made it difficult to gather and share information on network operations and conditions, making management arduous and further increasing transaction costs.

Deregulation Under-valued Consumer, Investor Protections

The New Deal legislation that governed these two utility industries for 60 years was heavily criticized as out-dated in the 1980s and 1990s, the report notes.

But recent experience indicates that deregulation undervalued the consumer and investor protections embodied in these laws, as well as the importance of smoothing out boom and bust cycles in critical industries.

Unfortunately, federal policymakers in Congress and at the federal agencies continue to pursue policies that not only would not solve the current crisis, but would cause further disruptions, Cooper said.

The report notes that, in the electricity industry, many of the abuses of the late 1990s parallel those that triggered the enactment of the Public Utility Holding Company Act (PUHCA) and could have been prevented by vigorous implementation of its principles.

But, far from pressing for reinvigorated implementation of PUHCA, Congress is pushing its repeal.

Similarly, instead of recognizing that common carrier obligations are central to a functioning communications network, Congress is pushing for their repeal.

"Repeal of the Public Utility Holding Company Act for electric utilities or the common carrier obligations of the Communications Act for advanced telecommunications service would definitely be steps in the wrong direction," Cooper explained. "Yet, the Senate has passed the former, and the House has passed the latter.

"These misguided legislative efforts should be stopped in their tracks," he said.

Meanwhile, the regulatory agencies with oversight over these industries have ongoing rule-makings that "seem out of touch with the emerging reality," Cooper said. "Rather than aiming at restoring stability and confidence in these two sectors, they are proposing radical changes that are likely to disrupt the industries."

FERC Market Proposal Premature

For example, having just begun to admit that something went wrong in the electricity market and having not yet figured out what the problem was, FERC has launched an initiative to create a standard market design.

Those efforts are "vastly premature," Cooper said, and should not go forward before a comprehensive review of the transmission network has been conducted and a planning process for grid expansion is in place.

"Transmission needs a decade of coordinated resource planning with mandated reserve margins and open access rules to make up for the lost decade of the 1990s," he said.

He also called for withdrawal of "market-based rates that were allowed under the fundamentally flawed approach that gave rise to the pervasive patterns of abuse."

"The FERC needs to start with a clean slate and build the institutions for interstate commence — an open and adequate transmission system and transparent information institutions," he said. "Generation needs reserve margins and reliability standards. A duty to build must exist alongside the obligation to serve."

FCC Pursues Anticompetitive Agenda

The FCC, meanwhile, has opened a half dozen rule-makings that "would radically transform several key elements of telecommunications" to the detriment of consumers, he said.

For example:

• In its triennial review of Unbundled Network Elements proceeding, the FCC is poised to relax access rules, which would result in significantly reduced competition for local phone service.

• The Commission's Wireline Broadband proposal would eliminate a number of key regulations that govern how the Baby Bells offer broadband services, which would have profound and damaging effects on the future openness and diversity of the Internet and communications networks.

• And the Cable Modem proceeding proposes a similar deregulatory approach.

"Taken together, these proceedings will limit competition in local phone and high-speed Internet services markets," Cooper said. "These anti-competitive measures should be abandoned."

Instead, he said, when considering whether to grant Baby Bell applications to enter the long distance market, the FCC should give greater weight to "the mountains of evidence" that the incumbents have not really opened their local markets.

It should ensure that the lucrative area of advanced telecommunications services, including high-speed Internet, is open to all competitors on a nondiscriminatory basis.

Finally, the agency should end its practice of "encouraging irresponsible ownership in media companies" by approving mergers like the AT&T-Comcast merger, which left one family with 33 percent of the voting rights and "where a series of limited partnerships and trusts allows dominant firms to have ownership without responsibility."

In developing a public policy response to the electricity and telecommunications crisis, "a simple rule should be applied," Cooper said. "When you are headed in the wrong direction, going faster does not make things better."

On the **Web**
http://www.consumerfed.org/backpage/publicinterest082702.pdf

Health and Safety Update

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hazards that cause the most serious playground injuries — falls, impact with moving swings, entanglement, and head entrapment.

At 75 percent of surveyed playgrounds, researchers found inadequate protective surfacing. In addition, 52 percent of climbers and 35 percent of slides were too high.

These two factors are crucial, as 80 percent of all injuries are caused by falls.

Impact with moving swings account for 69 percent of all swing injuries, and swings that are too close together increase this risk. Researchers identified swing hazards at 49 percent of surveyed playgrounds.

Although nine localities and 15 states have passed some form of regulation to protect their children from playground hazards, the strength of these regulations varies greatly.

A 2002 study by the University of North Carolina at Chapel Hill School of Public Health documented a 22 percent decrease in the rate of injuries at childcare centers in the state since the state enacted a requirement that all new playground equipment and surfacing in childcare facilities conform to CPSC voluntary guidelines.

Unfortunately, many playgrounds don't comply with the CPSC guidelines, noted CFA's Weintraub, a co-author of the study,.

CFA has produced a Model Law on Public Play Equipment and Areas that contains detailed provisions addressing safety and design for all play equipment and areas.

CFA and U.S. PIRG encourage state and local jurisdictions to adopt these requirements and use them when purchasing new equipment or when refurbishing, remodeling, or maintaining existing playgrounds.

"Parents working with local officials can be effective advocates for safer playgrounds," Weintraub said.

On the **Web**
http://www.consumerfed.org/backpage/071902conagra.html
http://www.consumerfed.org/backpage/071002_tucker_statement.html
http://www.consumerfed.org/backpage/082002_CFA-NWTC_ATV_Release.html
http://www.consumerfed.org/backpage/Final_ATVReportLinks.pdf
http://www.consumerfed.org/backpage/atv_petition.pdf
http://www.consumerfed.org/backpage/062002_playgrounds_atrisk.html
http://www.safechild.net

Bio-terrorism Law's Drinking Water Provisions Threatened

When Congress passed its bio-terrorism bill earlier this year, it provided funding for major water systems nationwide to assess their vulnerabilities to terrorist attack, and it required that copies of these assessments be provided to the Environmental Protection Agency (EPA).

As Congress has debated homeland security legislation, however, some members of industry have attempted to use that legislation as a vehicle for amendments to weaken the requirement.

CFA joined with 54 other consumer and environmental organizations in writing to members of Congress in August urging them to turn aside these efforts.

Specifically, the groups urged members of Congress to oppose efforts to transfer responsibility for drinking water system vulnerability assessments from EPA, which has the regulatory and enforcement authority to address vulnerabilities identified in these assessments, to the new Department of Homeland Security (DHS), which will have no such expertise or authority.

The groups also opposed efforts by some industry members to eliminate the filing of reports altogether and replace it with a requirement that water utilities simply send certification to DHS that an assessment has been completed.

"Removing the duty to share these assessments with EPA makes it far less likely that the government will detect and remedy significant vulnerabilities," said CFA Public Policy Associate Diana Neidle.

The legislation, which has passed the House, was expected to top the Senate agenda when Congress returns from August recess.

Health and Safety Update

E. Coli Outbreak Revives Meat Safety Debate

A mid-summer outbreak of E. coli—which sickened at least 48 people, hospitalized 11, and killed one —prompted renewed charges from Capitol Hill and food safety advocates that the Bush Administration has not done enough to protect consumers from contaminated meat.

Although the outbreak ultimately triggered a recall of nearly 19 million pounds of ground beef linked to ConAgra Food Inc.'s Greeley, Colorado slaughterhouse, the recall did not come until millions of pounds of contaminated meat had already been sold to consumers and at least 19 people had already been struck by the potentially deadly E. coli bacteria.

"The recall was appropriate, but it came too late," said Carol Tucker Foreman, Director of CFA's Food Policy Institute.

One problem was that USDA waited at least ten days to confirm initial test results with additional tests before notifying ConAgra that E. coli had escaped from the Greeley plant.

USDA has since announced that it will in future tell meat processors immediately when tests indicate microbial contamination.

While applauding that step, CFA said more needs to be done.

Shortly before the outbreak became public, CFA, the Center for Science in the Public Interest, and other consumer groups had petitioned USDA, asking the agency to test for E. coli much earlier in the production process.

Specifically, the groups urged that testing be conducted at the slaughterhouse, on carcasses and on the "trimmings" off those carcasses that end up as ground beef.

"Had USDA been testing routinely in slaughterhouses, the ConAgra problem would have been uncovered and acted on much earlier," Tucker Foreman said.

At least eleven senators and House members have written to the Agriculture Department questioning the effectiveness of the recall or calling for an independent investigation.

The outbreak also prompted Rep. Diana DeGette (D-CO) to introduce legislation that would strengthen USDA's authority to force recalls when it suspects food products are contaminated. Currently, USDA can suggest, but not order, a recall.

The DeGette bill would also:

- require food plants to notify the government if they think meat or poultry products are contaminated;
- allow USDA and the Food and Drug Administration (FDA) to impose fines for violating food safety laws; and
- require meat packers to provide lists of wholesalers and retailers who receive products involved in a recall.

Tucker Foreman said one sign that the current administration is falling down on the job is the 31 percent increase in E. coli 0157:H7 test positives during the first half of 2002 compared with the same period the previous year, according to USDA testing data.

"The Bush Administration has not taken meat and poultry safety seriously," Tucker Foreman said. "It has not pushed meat companies to make sure their products are safe, and it has not acted aggressively when a food safety problem is discovered."

"Perhaps this most recent E. coli outbreak will provide a much needed wake up call to the administration," she added.

Groups Petition CPSC On ATV Safety

Citing evidence that all-terrain vehicle (ATV) related injuries and fatalities are on the rise, CFA and eight other medical, consumer, and conservation groups have called for new national and state rules to better protect consumers, particularly children.

The groups petitioned the Consumer Product Safety Commission (CPSC) in August to ban the use of adult-size ATVs by children under 16 and to require manufacturers to provide refunds for all three-wheel ATVs and for adult-size four-wheel ATVs purchased for use by children.

They also called on states to adopt model legislation developed by the American Academy of Pediatrics concerning licensing, training, and other aspects of ATV safety.

"The self-regulation by the ATV industry has led to larger and faster ATVs and more children being killed and injured," said CFA Assistant General Counsel Rachel Weintraub.

"Deaths and injuries are approaching those in the 1980s, when the CPSC banned three-wheel ATVS," she added. "It is time for the CPSC and the states to end this hidden epidemic by acting aggressively to keep young children off ATVs and to strengthen safety standards."

In support of their petition to the CPSC, CFA, Natural Trails and Waters Coalition, Bluewater Network, and several doctors' organizations released a report on ATV safety which shows that the four-wheel ATVs that have replaced the three-wheel vehicles banned in the 1980s have proven to be just as hazardous.

Between 1993 and 2001, for example, the number of injuries caused by ATVs more than doubled, to 111,700 per year. During the same period, the number of ATV-related injuries suffered by children under 16 increased 94 percent, to 34,800 annually.

Of the at least 4,541 Americans who have been killed while riding ATVs between 1982 and 2001, 1,714 have been children under 16, including 799 under the age of 12.

One problem is that states fail to impose similar safety regimes for use of ATVs to those they apply to driving a car. For example, 24 states have no minimum age to drive an ATV, and an additional 19 states allow children ranging from 8 to 12 years old to drive them.

Playgrounds Still Place Children at Risk

Hard surfacing, equipment that is too high, and swings that are too close together continue to pose preventable hazards to children at a majority of public playgrounds across the country, according to the sixth national survey of playgrounds released in late June by CFA and U.S. Public Interest Research Group.

The survey covered 1,037 playgrounds in 36 states and Washington, D.C. It focused on

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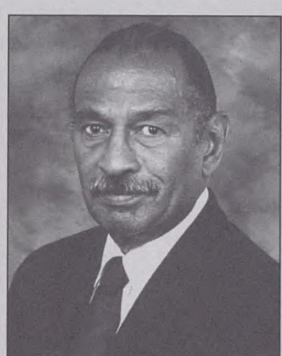
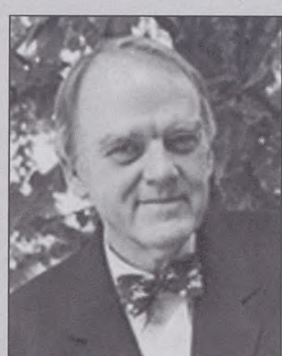
32nd Annual Awards Dinner


Sen. Richard Durbin


Rep. John Conyers


J. Robert Hunter

The Consumer Federation of America honored distinguished consumer service at its 32nd Annual Awards Dinner in June.

Sen. Paul Wellstone (D-MN) presented the Phillip Hart Public Service Award to Sen. Richard Durbin (D-IL), Sen. Carl Levin (D-MI) presented the Phillip Hart Public Service Award to Rep. John Conyers (D-MI), and Sen. Bill Nelson (D-FL) presented the Esther Peterson Consumer Service Award to CFA's Director of Insurance J. Robert Hunter.

The dinner also included a special 85th birthday celebration for CFA Chairman Sen. Howard Metzenbaum (Ret.). Many members of Congress and other dignitaries attended to present their birthday greetings in person, including Senate Majority Leader Thomas Daschle, well known journalist Daniel Schorr, Sen. Paul Sarbanes (D-MD), Rep. Marcy Kaptur (D-OH), Rep. Jane Harman (D-CA), Rep. Dennis Kucinich (D-OH), and Consumers Union President Jim Guest.

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