



A F S L N E W S

June 2010

Volume - 45

NEWS IN BRIEF

AFSL LAUNCHES CERTIFICATE OF COMPLIANCE FILING PROGRAM ON WEBSITE.. AFSL has launched a program wherein members may file Certificates of Compliance on the AFSL website to comply with the CPSC requirement that certificate of compliance must be filed for each Lot of fireworks imported or manufactured for distribution in the U.S. Implemented in March 2010, the program allows CPSC to sign on to the website and view all certificates filed by AFSL members. **Page 1.**

NEW STANDARDS DEVELOPED FOR GIRANDOLAS, SNAPPERS, AND CRACKLING STRIPS. The Standards Committee has developed standards for three new product categories: Girandolas, Crackling Strip; and Snappers. The Testing Program now covers all fireworks categories. **Page 2.**

NEW, HIGH SECURITY STICKERS NOW IN USE. AFSL has begun using new, high security stickers to identify cartons of fireworks tested in China. Provided by SICPA, the stickers use high security inks and other covert elements to prevent duplication. **Page 3.**

CPSC COMMISSIONER NORD MEETS WITH INDUSTRY IN HONG KONG. Commissioner Nancy Nord and Chief of Staff, Joe Martyak met with AFSL Representatives and Hong Kong/China shippers in Hong Kong March 25-26, 2010. **Page 4.**

AFSL WEBSITE SIMPLIFIES FILING OF CERTIFICATES FOR MEMBER COMPANIES

The AFSL Website Database used by members to file certificates of compliance has significantly reduced the burden of certifying that incoming fireworks shipments comply with AFSL and Consumer Product Safety Commission (CPSC) requirements.

The database design has been modified since it was first presented to members in February 2010, based on feedback from users. These changes have created a

system that is more user-friendly and efficient.

As of the first week of June, more than 30,000 certificates have been stored on the system. The database was launched in mid-March.

Companies filing certificates on the AFSL website are not required to provide copies separately to CPSC unless requested. AFSL has provided to CPSC password access to the database which allows it to review all certificates filed by

AFSL members using the database.

In addition to storing all certificates on the website, members also may save a copy of the certificate to their own system and email the certificates. This feature could be very useful in providing retailers with a copy of the certificate of compliance upon request, which also is required by the law.

An additional feature

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THREE NEW STANDARDS DEVELOPED; ALL PRODUCTS NOW TESTED IN CHINA

AFSL has developed safety standards or performance and labeling requirements for three categories of fireworks previously not tested in the China Testing Program. Standards for two categories of consumer fireworks, Girandolas and Crackling Strip devices, were developed recently by the AFSL Standards Committee to allow those products to

be tested in China and certified by the U.S. importer, as required by the new CPSC law.

Standard for Girandolas. Girandola is defined as a horizontal wheel with angled drivers that rotates quickly and rises into the air. Once it reaches it's peak, it usually produces a visual and/or audible effect. While these products have

been popular in the display industry for many years, they have only become popular in the consumer fireworks category in the past 2 to 3 years. AFSL did not include these items in the original Standards, and therefore has not tested them in China, pending development of a Standard.

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CHINA FACTORIES SUSPENDED FOR INTEGRITY VIOLATIONS

The Board of Directors voted to suspend a Chinese factory, Liuyang Yongxin Fireworks Factory from further participation in the China Testing Program in response to an actions taken by this factory to compromise AFSL's Assortments testing procedures. The suspension will remain in effect for one year, after which the factory may re-apply to have products tested by AFSL.

The suspension was based on reports that Liuyang Yongxin Fireworks Factory violated the Assortment testing procedures by removing the AFSL interim stickers from a previously certified lot, giving the same certified lot to AFSL for testing again, but sending a different lot of the same item to the assortment assembly factory for inclusion in the assembled assortment.

The item used in the assortment, a reloadable tube aerial shell device, was later taken from the assembled assortment, tested by AFSL, and failed the requirements of the AFSL Standard. Based on the evidence presented, the Board voted to suspend testing of all fireworks produced by this manufacturer for a period of one year. During this period, U.S. importers who are AFSL members may not import into the U.S. any consumer fireworks produced by Liuyang Yongxin factory. After the one-year suspension period has expired, Liuyang Yongxin may re-apply for admission to the testing program, and the Board will consider whether to lift the suspension.

The suspension follows two disciplinary actions taken by AFSL last fall against factories for ac-

tions that also compromised the integrity of the testing program. Daisheng Export Factory was found to have violated AFSL's policies by including sealed empty cartons within a lot of fireworks submitted for testing. The original application for testing was for 500 cases of merchandise; however, when the lot was inspected, 200 empty, sealed cartons had been included in the Lot of 500 cases. This resulted in a suspension of testing of all fireworks produced by the factory for a period of one year. The suspension of testing covers all fireworks manufactured by Daisheng Export Factory, and prohibits testing of Daisheng products through other China shippers.

During a September 21, 2009 meeting, AFSL's Board reviewed reports that Huangmao Taishun factory, detained at the factory premises technicians from the AFSL testing program until they provided AFSL certification stickers for a lot of fireworks that had failed AFSL testing. Due to the severity of the action taken by the company, the Board concluded that the suspension would be permanent, without any right of reinstatement in the future. AFSL members, including shippers and importers, along with appropriate governmental authorities were notified of the three disciplinary actions.

AFSL is committed to assuring that the integrity of the testing program in China is not compromised, either by actions of factories or shippers, or within the internal operating procedures. AFSL's policy is to take appropriate disciplinary action against any AFSL member or participating factory that offers, solicits, or accepts money or any other objects, goods or services of value, or otherwise participates in any activity, that is designed to obtain, or results in, the false certification of any tested lot or shipment of fireworks tested under AFSL's testing program.

False certification of shipments causes regulatory authorities to question the accuracy of the test results reported for all shipments certified as AFSL-tested, and can cause those authorities to reduce their reliance on AFSL's certification in the future. Furthermore, the distribution in the U.S. marketplace of falsely certified fireworks could create a potential risk of injury to consumers.

With respect to internal operating practices, AFSL closely monitors the performance of technicians in conjunction with its testing contractor, SGS, to assure that all tests and other activities relating to the testing of shipments are performed ethically and honestly. Any proven instances of unethical conduct are addressed through removal of the offending parties from the testing program.

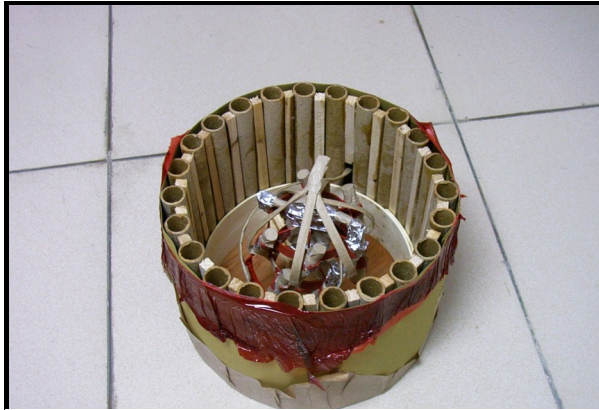
NOTE

THE AFSL GENERAL MEMBERSHIP MEETING WILL BE HELD ON SEPTEMBER 22, 2010, IN CONJUNCTION WITH THE APA CONVENTION IN SAVANNA, GA. ALL MEMBERS AND OTHER INTERESTED PARTIES ARE ENCOURAGED TO ATTEND. AFSL ALSO WILL PRESENT A SEMINAR AT THE NFA CONVENTION IN SPRINGFIELD, MO ON SEPTEMBER 8, 2010.

New Standards for Girandolas, Snappers, Crackling Whips

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Some of the primary provisions



Internal View of Girandola with Spinner and Multiple Tubes

covered in the standard include: (a) total pyrotechnic composition is limited to 20 grams per driver, 60 grams per Girandola unit, and 200 grams per retail device; (b) drivers, wings, or fins must be securely attached to the item so as to prevent them from being damaged or detached, and launch rods must be straight and rigid and securely attached to the base; (c) a requirement that Girandolas must not contain reloadable components; and (d) a requirement that the device must travel at least 15 meters into the air on a flight path that is near-vertical (within 22 ½ degrees in any direction from the vertical).

Standard for Crackling Strips.

Crackling strips (also known in the industry as Crackling Whips) are a linear fireworks device that consists of small granules of pyrotechnic composition adhered to and encased in a paper wrapping that produces crackling sparks as its primary pyrotechnic effects.

The new standard approved by the Board contains several key provisions, including (a) an interim limit of 200 grams per device and a limit of 10 grams for a head bomb.

The Standards Committee is continuing to study this issue and is expected to further limit the total composition per device in the future; (b) a limit of 2 meters in any direction for sparks expelled from the device; and (c) Crackling Strips must be contained in a retail package that resists ignition from pyrotechnic sparks. This provision is tested by placing a lighted fountain device 24 inches away from the package for a duration of 30 seconds.

Requirements for Snappers.

“Snapper” is defined as a device containing a small amount of chemical composition coated on small bits of sand or gravel. When dropped the device explodes, producing a small report. The new requirements, incorporated into the Standard for Party, Trick and Toy Smoke Devices, permit companies to comply with the new certification requirement. In addition, the Standards Committee addressed hazards associated with larger devices, often referred to as “Adult Snappers” which contain significantly more composition than the traditional Snapper.

Key provisions for Snappers covered by the standard include: (a) maximum pyrotechnic composition of 1 mg per device; (b) pyrotechnic composition limited to silver fulminate and sand only; (c) a limit of 50 pieces per retail package.

With the addition of the Girandolas, Crackling Strips and Snappers to the testing program, AFSL now tests all categories of consumer fireworks. A copy of the complete AFSL Standards is available on the website: www.afsl.org.

TESTING BY OTHER LABS NOT PERMITTED FOR AFSL MEMBER COMPANIES

The American Fireworks Standards Laboratory (AFSL) has received information indicating some member companies may be importing fireworks that are tested by laboratories other than AFSL. Those companies have been advised that this practice is a violation of the AFSL Importers Participation Agreement signed by each importer member, and that further violations of the agreement could result in immediate suspension from the AFSL program.

In accordance with the terms of the AFSL agreement, every participating importer “agrees that it will cause to be tested through AFSL’s testing program all Category I fireworks that it imports.” The agreement defines a Participating Importer as “... all of the participating importer’s parent, subsidiary and related companies and other affiliates. Affiliates shall include all persons who control, are controlled by, or are under common control with the participating importer or its officers or directors.”

At the present time AFSL has established standards for, and is testing all categories of consumer fireworks, including Snappers, Crackling Strips, and Girandolas, which were added to the program within the past three months. As a result, all fireworks imported by AFSL members are now classified as Category I fireworks, which must be tested.

The notice also advised importers that the filing of Certificates of Compliance on the AFSL website for shipments that are tested by companies other than AFSL is not permitted under AFSL operating procedures for the website. In completing a certificate of compliance on the website, one of the required fields of data is the name and address of the testing laboratory that

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CPSC COMMISSIONER NORD MEETS WITH FIREWORKS SHIPPERS IN HONG KONG, TOURS TESTING LABORATORY

CPSC Commissioner Nancy Nord met with the fireworks industry in Hong Kong on March 25, 2010, to discuss recent modifications to the CPSC laws and regulations, including the new requirement that all fireworks shipped to the U.S. must be certified for compliance with all CPSC laws and regulations based on a reasonable



testing program.

Accompanied by Chief of staff, Joe Martyak, Commissioner Nord met for more than two hours with the Shippers; then toured the Hong Kong Testing Lab for AFSL's contract testing laboratory, SGS. The SGS Hong Kong Lab tests toys, textile and electrical products, among others. Commissioner Nord also met with senior SGS officials, including Managing Director, Spenser Yeung. She was briefed on modifications to the AFSL testing program since SGS took over the testing contract with AFSL in August 2009.

During her meeting with the Hong Kong Shipper members of AFSL, Commissioner Nord continued to emphasize her strong support for the AFSL testing program, describing it as a model program which can allow the CPSC to focus resources on products not tested by

a competent third party testing laboratory. "The CPSC considers AFSL an important safety partner. We have a much higher level of confidence in those products that have been tested to the AFSL program and bear the AFSL seal."

During the meeting, Commissioner Nord responded to Shippers' questions regarding the new CPSC certification requirement and the impact it will have on the fireworks industry.

This was Commissioner Nord's second meeting with a China fireworks industry group. In 2006, Commissioner Nord who was then Acting Chairman of CPSC, participated in a series of meetings with the China fireworks manufacturers, Hong Kong and China shippers, and representatives of the China government in Liu Yang, Hunan.

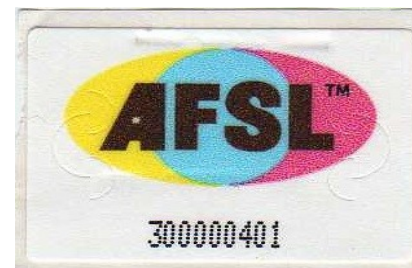
Accompanying Commissioner Nord and Mr. Martyak were AFSL Directors Tad Trout and wife Debbie; Thomas Chan, Robert Foti, and AFSL China Operations Manager William Zhou. Following the shippers meeting in Hong Kong, the AFSL delegation accompanied Commissioner Nord to Guangzhou China, where they toured the SGS Lab and visited a Toy Manufacturer in Guangzhou.

Commissioner Nord's meeting with the fireworks industry was only one in a series of meetings with industries regulated by CPSC, including the toy industry, footwear and apparel, and several testing laboratories during her Hong Kong/China visit. She also was the featured speaker at the Prime Source Forum in Hong Kong.

NEW HIGH - SECURITY STICKERS NOW IN USE

AFSL is using a new, high security sticker to identify shipments of fireworks tested in China by AFSL. The stickers contain enhanced security features that prevent duplication and allow for quick identification of fraudulent stickers.

The stickers are designed and manufactured by SICPA, the world's leading security ink producer, which manufactures the inks



used in 90% of the world currency. AFSL contracted with SICPA to begin providing the stickers in January 2010. Critical features of the stickers include a color shift feature in the ink, special paper that prevents the stickers from being removed once applied to a shipping carton, special UV visible identifiers, and a SICPA Smart Tracking feature that allows the company to identify each sticker with an electronic beeper.

SICPA also has provided to AFSL special filters that allow easy authentication of the stickers. These filters are being used by CPSC to validate AFSL stickers on shipments of fireworks arriving at U.S. Ports. Because the stickers are sequentially numbered, AFSL can track each sticker back to the original test performed in China.

The upgraded stickers are being used in combination with a high security ink stamp bearing the AFSL Lot ID number to mark each carton of fireworks in a tested Lot.

CPSC CERTIFICATION

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allows users to download an Excel spreadsheet sample from the website, fill in information for multiple items, then upload the data to the website in the form of a CSV file, making it more convenient to file certificates for multiple items on an invoice. The certification program has been reviewed by CPSC and AFSL has been advised by CPSC that the program appears to meet all requirements of the law.

AFSL is continuing to seek feedback from users of the system in an effort to make the program more useful in assisting members to comply with the law. One of the major remaining hurdles is to educate members on how to use the database properly. AFSL is planning additional seminars for members during the NFA meeting in Springfield, MO on Sept. 6th and at the AFSL General Membership meeting on September 22, 2010 in Savanna, GA.

Following is a summary of key provisions of the certification requirements in the Consumer Product Safety Improvements Act:

CERTIFICATE MUST BE FILED BY US IMPORTER. Under the certification law, the U.S. importer or the U.S. manufacturer (for domestically produced goods) is responsible for filing the certificate of compliance. The Shippers or other parties may physically complete the certificates, however, the name of the company filing the certificate and the required contact person information should be that of the U.S. importer.

SEPARATE CERTIFICATE FOR EACH ITEM.

One concern expressed by members is the fact that the certification requirement is burdensome to companies, primarily because a separate certificate has to be filed for each individual product listed on an in-

voice. AFSL tried unsuccessfully to persuade CPSC to allow a single certificate to be filed for multiple items listed on an invoice; however CPSC has declined to do so. The primary reason is that the law is designed to assure that individual items are traceable from the retail level back to the point of manufacture. To provide such traceability, certain tracking information, such as the model number, date of manufacture, factory and laboratory providing the testing, must be provided for each product.

AFSL has made the filing of individual certificates less burdensome by designing the program so that information which is duplicated for each certificate is automatically populated into the required fields once a company completes its initial registration. This includes the company name and contact information, the testing laboratory information, and the specific regulations applicable to individual product types.

REASONABLE TESTING PROGRAM. Another question raised by members is the requirement that the certificate of compliance must be based on a reasonable testing program. CPSC has not defined exact requirements for what constitutes a reasonable testing program; however, it is clear that AFSL's testing program provided an effective framework to help members satisfy the requirement for a reasonable testing program under CPSC guidelines.

While AFSL testing is only required for AFSL members, any company not using the AFSL program must be prepared to demonstrate that whatever testing program they are using would meet CPSC criteria for a "reasonable testing program."

PENALTIES FOR FAILURE TO CERTIFY.

Finally, the penalties that may

be assessed by CPSC for failure to issue a certificate of compliance were increased substantially when the new law was passed by Congress. The maximum penalty available to CPSC is \$100,000 per violation, up to a maximum of \$15 million.

TESTING BY OTHER LABS NOT PERMITTED FOR AFSL MEMBERS

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performed the test. The certificate of compliance template automatically uploads the AFSL name and address in that field and the importer preparing the certificate cannot change this information. Thus, the issuance of a certificate of compliance that erroneously names AFSL as the testing laboratory, constitutes the filing of a false certification under the Consumer Product Safety Improvement Act (CSPIA), which can subject a company to civil and criminal penalties from the CPSC. CPSC actively monitors certificates of compliance filed on the AFSL website.

Members are requested to assure that all future shipments of fireworks imported by the company are tested by AFSL and that the importer obtain a valid AFSL test report to document this. Importers also are advised to notify their suppliers in China of the consequences of providing shipments of fireworks not tested by AFSL. It also is a violation of the AFSL Shippers Agreement to ship fireworks to AFSL members that have not been tested by AFSL. AFSL is notifying Shippers to discontinue this practice as well.

**AFSL WELCOMES THE FOLLOWING NEW MEMBERS:
(OCTOBER 2009 — JUNE 2010)**

IMPORTER PARTICIPANTS

- 1 . Aurora Fireworks LLC, Poulsbo, WA
- 2 . Capital Pyro LLC, Taylorville, IL
- 3 . Camall LLC, Miami Gardens, FL
- 4 . Consumer Fireworks Group, Humble, TX
- 5 . High 5 Fireworks INC, Junction City, OR
- 6 . Johnny Rockets Display Company, Highland, IN
- 7 . Marv's Fireworks, Grand Island, NE
- 8 . Michons Wholesale, Moneta, VA
- 9 . Mr. W Fireworks, Somerset, TX
- 10 . Red Rose Imports, LLC, Willow Street, PA
- 11 . T. H. Y. & Associates, Inc., Keaau, HI
- 12 . Uncle Sam's Fireworks, Inc of Arkansas, Fayetteville, AR
- 13 . Vito's Fireworks, Inc., Covington, KY

SHIPPER PARTICIPANTS

- 1 . GBF International Limited (Hong Kong)
- 2 . Hua Hui Fireworks Manufacturing Co., Ltd.
- 3 . Hunan Mega Imports & Exports Trading Co., Ltd.
- 4 . Hunan Top & Ideal Commercial & Trading Co., Ltd.
- 5 . Hunan Vanguard Business Development Co., Ltd.
- 6 . Liuyang Xiangguang Fireworks Trading Co., Ltd.
- 7 . Liuyang Xiaohe Fireworks Manufacturing Company, Ltd.
- 8 . Pyromooi Fireworks Ltd.
- 9 . Win Da Hong (HK) Co., Ltd.

AFSL News is published by
American Fireworks
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