

**UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION**

_____)
In the Matter of:)

TEAVANA CORPORATION)
_____)

CPSC Docket No.: 16-C0003

SETTLEMENT AGREEMENT

1. In accordance with the Consumer Product Safety Act, 15 U.S.C. §§ 2051–2089 (“CPSA”) and 16 C.F.R. § 1118.20, Teavana Corporation (“Teavana”), and the United States Consumer Product Safety Commission (“Commission”), through its staff, hereby enter into this Settlement Agreement (“Agreement”). The Agreement, and the incorporated attached Order, resolve staff’s charges that Teavana is subject to civil penalties in this matter, under section 20 of the CPSA, 15 U.S.C. § 2069, as set forth below.

THE PARTIES

2. The Commission is an independent federal regulatory agency, established pursuant to, and responsible for, the enforcement of the CPSA, 15 U.S.C. §§ 2051–2089. By executing the Agreement, staff is acting on behalf of the Commission, pursuant to 16 C.F.R. § 1118.20(b). The Commission issues the Order under the provisions of the CPSA.

3. Teavana Corporation was incorporated in Georgia, and, at the time of the matters recited in this Agreement, its principal place of business was in Atlanta, Georgia.

STAFF CHARGES

4. Between August 2007 and April 2013, Teavana imported for sale approximately 445,000 Double-Walled Glass Tea Tumblers (“Tumblers”) in the United States. Most of the

models of the Tumblers are designed to hold hot beverages, and one model was intended for cold beverages.

5. The Tumblers are a “consumer product” that was “distributed in commerce,” as those terms are defined or used in sections 3(a)(5) and (8) of the CPSA, 15 U.S.C. § 2052(a)(5) and (8). Teavana was a “manufacturer,” “distributor” and “retailer” of the Tumblers, as such terms are defined in sections 3(a)(7), (11) and (13) of the CPSA, 15 U.S.C. § 2052(a)(7), (11) and (11).

6. Teavana had information reasonably supporting the conclusion that the Tumblers are defective or created an unreasonable risk of serious injury or death because they can unexpectedly explode, shatter, or break during normal use, posing a laceration and burn hazard.

7. Between January 2010 and March 2013, Teavana received numerous reports of the Tumblers unexpectedly exploding, shattering or breaking, including reports of six injuries to consumers who were cut by broken glass or burned by hot liquid while holding a Tumbler that exploded, shattered, or broke.

8. Despite having information reasonably supporting the conclusion that the Tumblers contained a defect which could create a substantial product hazard or create an unreasonable risk of serious injury or death, Teavana did not notify the Commission immediately of such defect or risk, as required by sections 15(b)(3) and (4) of the CPSA, 15 U.S.C. §§ 2064(b)(3) and (4).

9. In failing to immediately inform the Commission about the defect or unreasonable risk associated with the Tumblers, Teavana knowingly violated section 19(a)(4) of the CPSA, 15 U.S.C. § 2068(a)(4), as the term “knowingly” is defined in section 20(d) of the CPSA, 15 U.S.C. § 2069(d).

10. Pursuant to section 20 of the CPSA, 15 U.S.C. § 2069, Teavana is subject to civil penalties for its knowing violation of section 19(a)(4) of the CPSA, 15 U.S.C. §§ 2068(a)(4).

RESPONSE OF TEAVANA

11. Teavana's settlement of this matter does not constitute an admission of staff's charges as set forth in paragraphs 4 through 10 above.

12. In March 2013, Teavana notified the Commission pursuant to section 15(b) of the CPSA, 15 U.S.C. § 2064(b) concerning Teavana's receipt of complaints and incident reports about the Tumblers.

13. On May 20, 2013, in conjunction with the Commission, Teavana voluntarily announced a recall of eleven different models of double-walled borosilicate glass Tumblers (made by three different manufacturers), including a Tumbler model for which Teavana had received no complaints or incident reports, and some Tumbler models for which only a few complaints were received.

14. The voluntary recall of the Tumblers, as well as the section 15(b) reporting, by Teavana was conducted out of an abundance of caution and without Teavana having determined or concluded that any of the eleven different models of Tumblers contained a defect, posed a substantial product hazard, or created an unreasonable risk of serious injury or death.

15. The Tumblers were all well-constructed using a high quality glass with superior hardness and resistance to temperature shock.

AGREEMENT OF THE PARTIES

16. Under the CPSA, the Commission has jurisdiction over the matter involving the Tumblers and over Teavana.

17. The parties enter into the Agreement for settlement purposes only. The Agreement does not constitute an admission by Teavana or a determination by the Commission that Teavana violated the CPSA's reporting requirements.

18. In settlement of staff's charges, and to avoid the cost, distraction, delay, uncertainty, and inconvenience of protracted litigation, Teavana shall pay a civil penalty in the amount of three million, seven hundred and fifty thousand U.S. dollars (US \$3,750,000) within thirty (30) calendar days after receiving service of the Commission's final Order accepting the Agreement. All payments to be made under the Agreement shall constitute debts owing to the United States and shall be made by electronic wire transfer to the United States via: <http://www.pay.gov> for allocation to, and credit against, the payment obligations of Teavana under this Agreement. Failure to make such payment by the date specified in the Commission's Order shall constitute Default.

19. All unpaid amounts, if any, due and owing under the Agreement, shall constitute a debt due and immediately owing by Teavana to the United States, and interest shall accrue and be paid by Teavana at the federal legal rate of interest set forth at 28 U.S.C. § 1961(a) and (b) from the date of Default, until all amounts due have been paid in full (hereinafter "Default Payment Amount" and "Default Interest Balance"). Teavana shall consent to a Consent Judgment in the amount of the Default Payment Amount and Default Interest Balance, and the United States, at its sole option, may collect the entire Default Payment Amount and Default Interest Balance, or exercise any other rights granted by law or in equity, including, but not limited to, referring such matters for private collection; and Teavana agrees not to contest, and hereby waives and discharges any defenses, to any collection action undertaken by the United States, or its agents or contractors, pursuant to this paragraph. Teavana shall pay the United

States all reasonable costs of collection and enforcement under this paragraph, respectively, including reasonable attorney's fees and expenses.

20. After staff receives this Agreement executed on behalf of Teavana, staff shall promptly submit the Agreement to the Commission for provisional acceptance. Promptly following provisional acceptance of the Agreement by the Commission, the Agreement shall be placed on the public record and published in the *Federal Register*, in accordance with the procedures set forth in 16 C.F.R. § 1118.20(e). If the Commission does not receive any written request not to accept the Agreement within fifteen (15) calendar days, the Agreement shall be deemed finally accepted on the 16th calendar day after the date the Agreement is published in the *Federal Register*, in accordance with 16 C.F.R. § 1118.20(f).

21. This Agreement is conditioned upon, and subject to, the Commission's final acceptance, as set forth above, and it is subject to the provisions of 16 C.F.R. § 1118.20(h). Upon the later of: (i) Commission's final acceptance of this Agreement and service of the accepted Agreement upon Teavana, and (ii) the date of issuance of the final Order, this Agreement shall be in full force and effect and shall be binding upon the parties.

22. Effective upon the later of: (i) the Commission's final acceptance of the Agreement and service of the accepted Agreement upon Teavana, and (ii) and the date of issuance of the final Order, for good and valuable consideration, Teavana hereby expressly and irrevocably waives and agrees not to assert any past, present, or future rights to the following, in connection with the matter described in this Agreement: (i) an administrative or judicial hearing; (ii) judicial review or other challenge or contest of the Commission's actions; (iii) a determination by the Commission of whether Teavana failed to comply with the CPSA and the

underlying regulations; (iv) a statement of findings of fact and conclusions of law; and (v) any claims under the Equal Access to Justice Act.

23. Teavana represents and agrees that it will comply with and maintain the comprehensive compliance program of its parent corporation designed to ensure compliance with the CPSA and regulations enforced by the Commission. That program includes written standards, policies and procedures to ensure relevant reports and complaints are sent to compliance personnel, recalled goods are properly disposed of, employees have a confidential process to report compliance-related issues to officials with authority to act, CPSA compliance responsibility is exercised with due care by senior management, company policies are communicated to applicable personnel, records are retained for five years, and compliance program documents will be made available to staff upon reasonable request.

24. Teavana represents and agrees that it will comply with and maintain the comprehensive system of internal controls and procedures of its parent corporation. These procedures are designed to ensure Teavana discloses to the Commission information in accordance with applicable law, reports information in a timely, truthful, complete and accurate manner as required by the CPSA, and periodically evaluates these controls and procedures to ensure they are adequate to allow Teavana to report to the Commission in accordance with applicable law.

25. The parties acknowledge and agree that the Commission may publicize the terms of the Agreement and the Order.

26. Teavana represents that the Agreement: (i) is entered into freely and voluntarily, without any degree of duress or compulsion whatsoever; (ii) has been duly authorized; and (iii) constitutes the valid and binding obligation of Teavana, enforceable against Teavana in

accordance with its terms. The individuals signing the Agreement on behalf of Teavana represent and warrant that they are duly authorized by Teavana to execute the Agreement.

27. The signatories represent that they are authorized to execute this Agreement.

28. The Agreement is governed by the laws of the United States.

29. The Agreement and the Order shall apply to, and be binding upon, Teavana and each of its parents, successors, transferees, and assigns, and a violation of the Agreement or Order may subject Teavana, and each of its parents, successors, transferees, and assigns, to appropriate legal action.

30. The Agreement and the Order constitute the complete agreement between the parties on the subject matter contained therein.

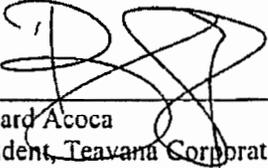
31. The Agreement may be used in interpreting the Order. Understandings, agreements, representations, or interpretations apart from those contained in the Agreement and the Order may not be used to vary or contradict their terms. For purposes of construction, the Agreement shall be deemed to have been drafted by both of the parties and shall not, therefore, be construed against any party, for that reason, in any subsequent dispute.

32. The Agreement may not be waived, amended, modified, or otherwise altered, except as in accordance with the provisions of 16 C.F.R. § 1118.20(h). The Agreement may be executed in counterparts.

33. If any provision of the Agreement or the Order is held to be illegal, invalid, or unenforceable under present or future laws effective during the terms of the Agreement and the Order, such provision shall be fully severable. The balance of the Agreement and the Order shall remain in full force and effect, unless the Commission and Teavana agree in writing that severing the provision materially affects the purpose of the Agreement and the Order.

TEAVANA CORPORATION

Dated: 5-19-16

By: 
Bernard Acoca
President, Teavana Corporation

Dated: _____

By: _____
Georgia C. Ravitz
Arent Fox LLP
1717 K Street, NW
Washington, D.C. 20006-5344

Counsel to Teavana Corporation

U.S. CONSUMER PRODUCT SAFETY
COMMISSION

Mary T. Boyle
Acting General Counsel

Mary B. Murphy
Assistant General Counsel

Dated: _____

By: _____
Leah Wade
Trial Attorney
Division of Compliance
Office of the General Counsel

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Dated: _____

By: _____
Bernard Acoca
President, Teavana Corporation

Dated: 5/19/16

By: Georgia C. Ravitz
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Counsel to Teavana Corporation

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By: Leah Wade
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CPSC Docket No.: 16-C0003

ORDER

Upon consideration of the Settlement Agreement entered into between Teavana Corporation (“Teavana”), and the U.S. Consumer Product Safety Commission (“Commission”), and the Commission having jurisdiction over the subject matter and over Teavana, and it appearing that the Settlement Agreement and the Order are in the public interest, it is:

ORDERED that the Settlement Agreement be, and is, hereby, accepted; and it is

FURTHER ORDERED that Teavana shall comply with the terms of the Settlement Agreement and shall pay a civil penalty in the amount of three million, seven hundred fifty thousand U.S. dollars (US \$3,750,000) within thirty (30) days after service of the Commission’s final Order accepting the Settlement Agreement. The payment shall be made by electronic wire transfer to the Commission via: <http://www.pay.gov>. Upon the failure of Teavana to make the foregoing payment when due, interest on the unpaid amount shall accrue and be paid by Teavana at the federal legal rate of interest set forth at 28 U.S.C. § 1961(a) and (b). If Teavana fails to make such payment or to comply in full with any other provision of the Settlement Agreement, such conduct will be considered a violation of the Settlement Agreement and Order.

Provisionally accepted and provisional Order issued on the 27th day of May, 2016.

BY ORDER OF THE COMMISSION:



Todd A. Stevenson, Secretary
U.S. Consumer Product Safety Commission

Finally accepted and final Order issued on the _____ day of _____, 2016.

BY ORDER OF THE COMMISSION:

Todd A. Stevenson, Secretary
U.S. Consumer Product Safety Commission