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The nonprofit educational organization
behind Sesame Street and so much more

TESTIMONY OF GARY E. KNELL

PRESIDENT AND CEO

SESAME WORKSHOP

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Subcommittee on Commerce, Trade, and Consumer Protection

Hearing on *“Protecting Children from Lead-Tainted Imports”*

Good morning Mr. Chairman, Congressman Stearns, and distinguished Members of the Committee. Thank you for the opportunity to come before you today to speak about toy safety. I am Gary Knell, the President and CEO of Sesame Workshop, the nonprofit educational organization behind *Sesame Street*, *Dragon Tales*, *The Electric Company*, and much more.

When we first learned of the disturbing news that certain toys bearing the iconic characters of *Sesame Street* were being recalled by Mattel/Fisher Price because they contained unacceptable levels of lead, we were shocked, we were angry, and we were greatly disappointed. But, concern without any action is simply useless to the parents and caregivers, who are our number one fans and partners in promoting children's healthy growth and development.

We reached out to your Committee to be a part of this important discussion, to join forces with the public and private sectors and to find a solution so that what occurred over this summer never happens again. As the only panelist here today to offer insight into the role of a trademark and copyright licensor with respect to licensed toys, I thank you once again for your invitation to testify.

Who We Are...

As you know, Sesame Workshop is **not** in the business of making toys. We are in the "business" of creating innovative, engaging content that maximizes the educational

power of media to help all children reach their highest potential. We produce *Sesame Street* here and around the world and other children’s education programs such as the Emmy-nominated primetime special program “When Parents Are Deployed” to address the challenges and sacrifices military families face with deployment and separation. That program was created to help our military families talk, listen and connect with their children – the more than 700,000 American children under age five who have a parent deployed in military service.

We are unique among other well-known children’s media organizations in that we are an independent not-for-profit organization. We are not affiliated with any public television outlet or any governmental agency. In order to ensure our financial self-sufficiency, we rely, among other things, on the revenues derived from our consumer product licensing activities. We license our trademarks and copyrights of Elmo, Big Bird, and our other beloved characters in order to fund the research and the development of our educational programming. In short, our licensing activities make *Sesame Street* and affiliated outreach projects available on public television and other outlets for this and future generations.

Sesame Street Licensed Products...The Process

We do not take lightly the trust of parents and caregivers who for nearly 40 years have come to equate *Sesame Street* with safety, health and something good for children. A few years ago, we made the decision not to permit the use of our characters on unhealthy foods for children. Recognizing that childhood obesity is a national crisis, we initiated

our “Healthy Habits for Life” program. For the past eight months, I have been leading a Joint Congressional/FCC Task Force on Media and Childhood Obesity. We know young children love Elmo, Big Bird and their other Muppet friends and we learned that children would eat apples, oranges, and even broccoli when Elmo got involved. – and in this way, we can inspire better health choices for young children and their families.

When we enter into a licensing agreement with a manufacturer of consumer products such as toys, we are always mindful of the expectations that parents have of *Sesame Street*. Ever since the early 1970s when we began licensing our characters for use in these products, we have been choosing “best-in-class” manufacturers as our licensees. It has been, and continues to be, important for us to choose the right partners as our licensees because we are not in the business of manufacturing and yet we know that our licensing activities extend our educational mission. Learning the ABCs with Elmo on television during the day and then hugging a plush version of the popular Muppet at bedtime while listening to a parent read aloud “Elmo’s Alphabet” storybook enriches -- and perhaps, even speeds -- a child’s educational journey.

When we sign licensing agreements with our licensees, we give them a license to make and sell products using our trademarks and copyrights, and they give us contractual promises about how they will do so. They are contractually required to manufacture, sell, or distribute products that are, in all respects, safe and fit for use by the persons for whom the product is intended to be used. We insist that our licensees comply with all applicable laws, regulations, and industry self-regulatory guidelines and they are required

to provide us with documentation of safety tests or other procedures to ensure compliance with applicable safety standards. We also ask licensees to consider exceeding the safety requirements of applicable law. If there is any defect or a need to recall any licensed product, our licensees are required to notify us promptly. We give them 15 days to provide us with a plan with a timeline for completely remedying any such defect. They must promptly and diligently carry out the remediation, or we will terminate our relationship with them.

Fisher-Price Recall

One of our most significant licensees is Fisher-Price, a unit of Mattel, Inc., who either as Mattel or its predecessor companies, has been our partner as the manufacturer of *Sesame Street* toys for preschoolers for many years. Together, not only have we tickled Elmos, we have encouraged boys and girls of all backgrounds, and in many countries, to do the work of a child – play.

This summer, when Mattel/Fisher-Price announced their first recall, it included some 400,000 units of *Sesame Street* branded toys. They informed us before the recall was announced by the CPSC and, I believe, shared whatever information they could share based on their knowledge at the time. They assured us that they were cooperating with the CPSC to make sure either the toys did not reach retail or if they were already at retail or purchased by consumers, they would be recalled. They also assured us that they were doing a full review of all of their toys.

For our part, we immediately set into action our plans to share information with parents and our fans. Our primary means of communication is through our website, which has the widest and fastest reach. We put up, and kept up, a statement from me directly. We are answering emails and phone calls from parents. When they call asking specifically about the Mattel/Fisher-Price recall, we will direct them to the recall website or toll-free number set up by Mattel/Fisher-Price. In some cases, parents are calling us back to give us feedback.

Looking Ahead...

Learning is at the heart of what we do, and a child's good health and safety is the foundation for his or her ability to learn. In fact, one irony here is that one of the many educational outreach projects we have developed over the years is called "*Sesame Street Lead Away*," distributed to pediatricians, which teaches parents and caregivers how to prevent lead exposure as well as what to do in the case that they suspect their child has ingested the toxic substance.

The lesson for Sesame Workshop from this experience is that we must be even more vigilant about who we license to produce products that bear our characters and we must be very clear about the standards they must satisfy – both with respect to safe design as well as safe manufacturing components. To ensure this, we have decided to conduct independent audits at different points in the supply chain (e.g., manufacturing, shipping, and retail) to test for lead, small parts, and other potential problems. We will announce in the next thirty days that we have retained the services of one or more third party labs with testing facilities here and in Asia. We will hold the companies that license our characters

accountable and we will stop working with them if they do not meet our requirements for safety and social responsibility. And, at such point if none of the toy manufacturers can guarantee safety for the consumers who buy our licensed toys, we will get out of the business altogether.

We applaud and support the steps taken by those in the private sector. Manufacturers and the Toy Industry Association are strengthening safety checks as are retailers such as Toys R Us and Wal-Mart. We also applaud the Consumer Federation of America's efforts to mandate product registration cards to be included in all toy products to ensure the success of recalls, when necessary. Finally, we applaud the swift response from Congress and support additional funding for the Consumer Product Safety Commission so that it will have the staffing and the testing capabilities required to set and enforce safety requirements on imported and locally manufactured children's products.

Conclusion...

In conclusion, Mr. Chairman, we support any and all efforts that will ensure the safety of children's products in this country. Further, we welcome the opportunity to work with the Committee on any new initiatives coming forth that would enable the Consumer Product Safety Commission to fully pursue its mission.

To support parents in providing the best they can provide for children's safety, health and development, there is work for all of us – whether the Congress, private sector, public

sector, or consumer advocates groups. We are connected not only by a chain of commerce; we are connected by a “chain of safety” as the guardians of children’s safety.

Thank you. I am happy to answer any questions the Committee may have.