1375 Broadway • Suite 1001 • New York, NY 10018
t. 212.675.1141 • e. info@toyassociation.org

June 15, 2026

The Honorable Peter Feldman
Acting Chair
U.S. Consumer Product Safety Commission
4330 East-West Highway
Bethesda, MD 20814

Re: Request for Information Regarding Consumer Product Recall Fraud (Docket No. CPSC-2026-0067)

Dear Acting Chair Feldman,

Thank you for the opportunity to submit comments on the Request for Information regarding Consumer Product Recall Faud. These comments are provided on behalf of The Toy Association and its 900+ members, representing manufacturers, importers, designers, retailers, inventors, and toy safety testing labs, all working to ensure safe play for children and families.

Toy safety is the top priority for The Toy Association and its members, and we have been global leaders in advancing toy safety for decades. ASTM F963, as incorporated in 16 CFR 1250 pursuant to the Consumer Product Safety Improvement Act (CPSIA), is recognized as one of the world's premier toy safety standards. Its comprehensive requirements have been emulated globally for toys and several non-toy categories, and its consensus process ensures consideration of stakeholder viewpoints, innovation in product design, and data-supported emerging hazards.

Executive Summary

The U.S. mandatory toy safety standard, requiring third-party testing and certification of all toys intended for the U.S. market, provides a critical foundation for the safety of toys. The recall process is an important element of that product safety framework, as a mechanism to remove recalled products from the marketplace, and is crucial for protecting consumers. The Toy Association welcomes CPSC's initiative to identify and address the increasingly concerning issue of recall fraud, which threatens the reliability and trust for the recall process.

In recent years, visual evidence of destruction/disposal of recalled products has been increasingly relied upon as a more convenient means of confirming consumer ownership, in lieu of requiring the affected product to be returned to the manufacturer and either repaired, replaced or refunded from that point. While The Toy Association recognizes that the convenience of allowing photo images for recalls was well intended as a viable option, providing both increased consumer convenience and eliminating the cost of shipping the recalled product (or component) to the manufacturer, the advent of AI tools now facilitates an overwhelming opportunity for recall fraud by bad actors to obtain 'free' products (replacement) or money (refunds), damaging the effectiveness of the recall framework to protect consumers and increasing the cost burden to manufacturers.

Responses to questions

Question #1: Observed Recall Fraud

As defined in the CPSC Request for Information, the term “recall fraud” refers to fraudulent or abusive conduct associated with the redemption of recall remedies, including the submission of false or misleading information, fraudulent redemptions, or other schemes to abuse recall programs.

Prior to the widespread availability of AI tools, historical information relating to recall fraud indicated a pattern in which the earliest recall claims including photographic submissions were predominantly legitimate consumer contacts; following that initial surge of responses, there was usually then a steep decline (a typical pattern for recall responses). In some instances however, early in the era in which adoption of photo images was accepted as proof of purchase, this pattern was followed by a later, subsequent surge in contacts, with *an identifiable, close similarity,* representing nearly all of the latter contacts.

Notably, however, AI tools and other technologies that facilitate fraud have assisted fraudsters by hiding the previously identifiable patterns, significantly reducing the time and resources needed to prepare large numbers of fraudulent submissions, and allowing these to be submitted in the same timeframe as the legitimate contacts, while also making these occurrences much harder to identify and detect.

The Toy Association is also aware that examples of fraudulent activity have also been observed relating to warranty claims. While these do not relate directly to product recalls and the stated scope of the RFI, we recommend consideration by CPSC of evidence and examples from these types of fraudulent activity, since they are carried out in a similar manner to recall fraud and provide more examples to review for fraudulent activity and potential remedies.

Question #2: Impacts of Recall Fraud

Toy Association members have experienced that recall fraud is becoming more difficult to identify since the tools and methods employed have significantly increased in sophistication in recent years with the advent of readily available AI tools. It is now far easier for fraudulent photographic ‘proof’ to be generated, making it exponentially harder for companies to identify and block fake submissions. Where previously a search online (if carried out) may have been able to be used to identify copied or pre-existing images, current generative AI technology can now be used to create multiple discrete versions of highly convincing fake photos of products or purchase receipts that appear to have no connection with each other, even including what appears to be handwritten identifying marks (such as individual case numbers).

It bears noting that the burden of responsibility for manufacturers is to honor all recall claims unless recall fraud is clearly evident. Companies are seeing evidence that AI tools and other technologies make it easier to carry out and conceal recall fraud -- but are less able to identify when they do occur, or are unaware when it does take place. (Electronic payment platforms now allow users to associate multiple email addresses with a single payee account, making it easier to conceal multiple recall fraud claims being routed to a single entity, and exacerbate the challenge.)

In the example provided above regarding the pattern of recalls and fraud observed prior to the availability of AI tools, estimated return and/or refund cost impacts for the fraudulent claims reached hundreds of thousands of dollars, although the actual impact in each product recall would depend on a number of factors including the price of the product being recalled and the number of fraudulent contacts that occurred. Taking into account the increased sophistication and ease provided by AI and other tools to commit and hide fraudulent activity, the impact of those costs is multiplied while becoming harder to prevent.

Question #3: Fraud Mitigation Measures

With the exception of instances where either “repair” or the supply of a replacement component part is the recall remedy, The Toy Association strongly believes that requiring the product to be returned to the manufacturer, or disabling a product and requiring the return of a critical component -- ideally, the smallest critical component part, in order to reduce shipping and environmental impacts -- to the manufacturer, remain the most effective means to reduce recall fraud. These measures ensure that actual product owners participate in product recalls and that the recalled products are removed from circulation, making it more difficult for bad actors to ‘game’ the system.

Alternative measures that rely instead on adding verification layers to the recall process (such as additional proof or 2-factor authentication) unfortunately do not effectively combat the underlying ease of generating false information and instead create a greater burden for consumers who actually have the recalled products in their possession, making the recall process more cumbersome for those who have a legitimate claim.

Similarly, more traditional measures to increase product registration do not have traction with consumers and will not measurably reduce the potential for recall fraud since only a fraction of product owners register products[1], so product registration status is not a viable or reliable basis to determine recall claim eligibility.

[1] Consumer behavior relating to product warranties is determined by a myriad of factors including product type, perceived useful life of the item, price and secondary market sales, etc..

Question #4: Potential Commission Actions

While the ability to provide a photo image of a recalled product has offered increased convenience to both consumers and the manufacturing community in verifying recalls and helping to mitigate risk from unsafe products, the benefits have since been outweighed by the emergence of AI tools that allow exploitation through fraudulent claims. As yet, there has been no effective counterbalance to this nefarious use of AI, leading to unintended consequences in the recall process. Technological or other tools to support manufacturers' ability to detect and neutralize fraudulent recall claims are needed.

Until a reliable mechanism to effectively discern and intercept recall fraud is identified, CPSC can reduce the potential exposure of fraudulent claims by requiring that the product, or an identifiable component of the product that is critical to the function, be returned to the manufacturer in order for a product replacement or refund to be processed. The Toy Association understands that this is less convenient than allowing photographic 'proof' -- for both consumers and manufacturers -- since it requires the consumer to package and send a physical item, and the manufacturer to absorb the shipping fees (and manage disposal where appropriate). Requiring physical return of the recalled product (or critical component) would directly improve the effectiveness and reliability of the recall process, with the protective benefits of shipping the product to the manufacturer outweighing the convenience which currently enables recall fraud, negatively impacts consumer safety, and adds significant cost burdens. CPSC consumer outreach could accompany the change to explain and build consumer support for returning recalled products to the manufacturers.

Summary

Recalls are a critical component of the product safety framework, providing a means of protecting consumers and removing hazardous products from the marketplace. Recall fraud, however, is becoming increasingly easy to apply at scale, making such actions more susceptible to exploitation, diminishing the public safety benefits of corrective action plans. Recall fraud endangers consumers, increases cost burdens for companies, distorts recall effectiveness metrics and undermines the underlying trust in the recall process. The convenience of allowing visual proof of product withdrawal or destruction as a means of obtaining a replacement product or financial restitution -- in lieu of shipping the affected product or critical component back to the manufacturer -- has now been outweighed by the ease by which increasingly untraceable false information can and will be generated. Unless CPSC can identify a reliable mechanism to effectively discern recall fraud, The Toy Association asks CPSC to consider withdrawing acceptance of photographic proof as an option, while at the same time increasing outreach and education to raise consumer awareness and support for returning the product (or a critical component of the product) to the manufacturer when a recall occurs.

Thank you again for the opportunity to submit comments. If you have any questions about this letter, please feel free to contact Jos Huxley (jhuxley@toyassociation.org) for further information.

Sincerely,

Joan Lawrence
Senior Vice President, Standards & Regulatory Affairs
jlawrence@toyassociation.org

About The Toy Association and the toy industry:

The Toy Association is the North American based trade association; our membership includes more than 900+ businesses – from inventors and designers of toys to toy manufacturers and importers, retailers, and safety testing labs – all involved in bringing safe, fun toys and games to children. The toy sector is a global industry of more than US$90 billion annually, and our members account for more than half this amount.

Toy safety is the top priority for The Toy Association and its members. Since the 1930s, we have served as leaders in global toy safety efforts; in the 1970s we helped to create the first comprehensive toy safety standard, which was later adopted under the auspices of ASTM International as ASTM F963. The ASTM F963, as incorporated in the U.S. Code of Federal Regulations (16 CFR 1250), pursuant to the Consumer Product Safety Improvement Act (CPSIA), is recognized as one of the world's premier toy safety standards. Its comprehensive requirements have been emulated globally for toys and for several non-toy categories, and its consensus process ensures consideration of stakeholder viewpoints, innovation in product design, and data-supported emerging hazards.

The Toy Association is committed to working with legislators and regulators around the world to reduce barriers to trade and to achieve the international alignment and harmonization of risk-based standards that will provide a high level of confidence that toys from any source can be trusted as safe for use by children. Standards alignment assures open markets between nations to maximize product availability and choice.