Mattel Inc. announced its second big recall of Chinese-made toys in as many weeks, expanding a mounting crisis for the toy maker that could grow even more problematic as the holiday shopping season approaches.

The toy-making giant issued recalls Tuesday for millions of toys that contain magnets that can be swallowed by children or could have lead paint. The recalls involve 7.3 million play sets, including Polly Pocket dolls and Batman action figures, and about 250,000 die-cast cars that contain lead paint. The action was announced on the company's Web site and at a news conference by the Consumer Product Safety Commission. (See Mattel's recall list and statement.)

Nancy A. Nord, acting CPSC chairman, said no injuries had been reported with any of the products involved in the new recall. Several injuries had been reported in an earlier Polly Pocket recall last November. "The scope of these recalls is intentionally large to prevent any injuries from occurring," she said.
Toys recalled Tuesday include 253,000 Sarge brand cars, because the surface paint could contain lead levels in excess of federal standard. The 2 1/2-inch, 1-inch high car looks like a military jeep. Also recalled were 345,000 Batman and "One Piece" action figures, 683,000 Barbie and Tanner play sets and one million Doggie Day Care play sets.

Mattel earlier recalled more than a million toys -- including ones based on characters from Sesame Street and Nickelodeon -- that may have been tainted with lead paint.

Magnet issues surfaced recently in another toy recall. In 2006, the CPSC issued a similar recall for 3.8 million "Magnetix" sets, a toy produced by Rose Art Industries Inc. of Livingston, N.J. The sets consisted of tiny magnets that, if swallowed by an infant, bonded together in the stomach and caused fatal intestinal perforation in at least one instance. The CPSC documented 34 incidents involving the magnets, including one death and four serious injuries. A 20-month-old boy died after he swallowed pieces that twisted his small intestine and created a blockage.

The emergence of a second recall is bad news for Mattel, which has so far weathered the recall with little damage to its share price. The company announced a $30 million charge to its second-quarter earnings related to the first recall. But more bad news is likely to hurt as parents begin to think about toys for the coming holiday season.

The second recall comes as an owner of a Chinese toy factory at the center of the recall earlier this month reportedly committed suicide just days after Mattel identified his company as the manufacturer.

While it is unclear whether Cheung Shu-hung's suicide is linked to the recall, the incident is likely to be seen as a tragic symbol of the mounting pressure Chinese manufacturers face to improve their operations in the wake of recent high-profile product recalls. Mr. Cheung, an owner of Hong Kong-based Lee Der Industrial Co., killed himself Saturday at his factory's warehouse in China's southern Guangdong province, according to an official at the public security bureau in Guangzhou.

Last week, China announced that Lee Der's factory was prohibited from exporting products and was under investigation.

Chinese manufacturers often suffer serious fallout when problems emerge that endanger their relationship with big customers. Those customers pull orders, and factories are often forced to cut jobs.

This year, Huang Xing Light Manufacturing came under siege when labor activists accused it of underpaying and mistreating employees. The Shenzhen factory, which made
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Here's a timeline of some of the key events.

4. **Toys made it to store shelves and consumers' homes in the U.S.**

Disney souvenirs for a Japanese company under a license agreement with **Walt Disney** Co., was forced to shut down after it lost most of its business.

The sudden reaction catches some Chinese partners unused to the international spotlight by surprise, said M. Eric Johnson, a professor at Dartmouth's Tuck School of Business who conducts research on Chinese factories. Factory owners "suddenly realize they've stepped on a third rail," he said. "Next they're losing face badly in the government-business structure. They're shamed to everybody and then suddenly it's like 'game over' for these guys."

In the case of the Mattel recall, pressure had built on all of the El Segundo, Calif., toy company's Chinese partners to give some guarantee that another damaging incident wouldn't occur on the heels of the current one.

After the recall was announced, the company flew a delegation to China to meet with manufacturers, said a Mattel spokesperson last week. Factory owners were asked to gather in a room where Jim Walter, Mattel's senior vice president of world-wide quality assurance, reiterated basic safety standards. The attendees were required to sign a new safety contract. "They needed to reaffirm what they had agreed to in previous years," said the spokesperson.

While in China, senior Mattel executives also met with Chinese government officials to discuss the recall, according to a person in the industry who has been in contact with Mattel employees. Mattel employees said Chinese officials were upset that the American company's toy recall had disgraced the name of China, according to the person.

In the past, Mattel has had difficulty getting factory owners to fall in line, according to reports from the New York-based International Center for Corporate Accountability. An audit conducted by the center of Mattel factories in 2005, for example, reported that manufacturers had balked in responding to Mattel's orders to reduce overtime and reimburse workers for job-related medical expenses.

Prof. Johnson at Dartmouth has witnessed similar tensions. In a 2000 case study, he visited a planned facility in Guangzhou that would produce Matchbox cars for Mattel. Mattel, he said, had difficulty in persuading its Chinese partner to build employee housing -- a requirement the partner had deemed unnecessary.

He said buyers may be able to thoroughly enforce outside standards in China only by having their own people working and living at facilities -- not by simply conducting the periodic audits that many smaller toy makers have come to rely on.

Meanwhile Chinese suppliers, and the companies that supply them, face price pressure to keep their own costs competitive, a factor that manufacturers say encourages them to cut corners -- such as by using less-expensive lead paint rather than a product that meets international safety standards. Executives at Lee Der, a longtime Mattel supplier, told Chinese government officials last week it may have been cheated by its own paint supplier.

An employee at Lee Der's office in Hong Kong declined to comment yesterday on Mr. Cheung's death. News of Mr. Cheung's suicide was reported in Southern Metropolis Daily, a Chinese newspaper.
It is unclear what other companies used Lee Der to manufacture their products. Hasbro Inc. of Pawtucket, R. I., one of the world's largest toy and game manufacturers, at one point sourced at least one product from Lee Der but has since stopped, a spokesperson for Hasbro said without providing details.

Mr. Cheung owned a 35% stake in Lee Der Industrial Co. when it was incorporated in Hong Kong in September 2002, according to Hong Kong government records. His business partner at the time, Chiu Kwetsun, owned the other 65% stake. It was unclear if they were still working together. Mr. Chiu couldn't be reached for comment. Mr. Cheung's family was unavailable for comment.

Mattel said in a statement on Mr. Cheung's death yesterday it was "saddened to hear about this tragic news."

--The Associated Press contributed to this article.

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