

programs. Overhead costs consist generally of the following Commission-wide costs: indirect personnel costs (leave and benefits), rent, communications, contract services, utilities, equipment, and supplies. This formula has resulted in the following overhead rates for the most recent three years (rounded to the nearest whole percent): 105 percent for fiscal year 2000, 117 percent for fiscal year 2001, and 129 percent for fiscal year 2002. These overhead rates are applied to the direct labor costs to calculate the costs of oversight of SRO rule enforcement programs.

#### *C. Conduct of SRO Rule Enforcement Reviews*

Under the formula adopted in 1993 (58 FR 42643, Aug. 11, 1993), which appears at 17 CFR Part 1 Appendix B, the Commission calculates the fee to recover the costs of its review of rule enforcement programs, based on the three-year average of the actual cost of performing reviews at each SRO. The cost of operation of the Commission's

program of SRO oversight varies from SRO to SRO, according to the size and complexity of each SRO's program. The three-year averaging is intended to smooth out year-to-year variations in cost. Timing of reviews may affect costs—a review may span two fiscal years and reviews are not conducted at each SRO each year. Adjustments at actual costs may be made to relieve the burden on an SRO with a disproportionately large share of program costs.

The Commission's formula provides for a reduction in the assessed fee if an SRO has a smaller percentage of United States industry contract volume than its percentage of overall Commission oversight program costs. This adjustment reduces the costs so that as a percentage of total Commission SRO oversight program costs, they are in line with the pro rata percentage for that SRO of United States industry-wide contract volume.

The calculation made is as follows: The fee required to be paid to the Commission by each contract market is

equal to the lesser of actual costs based on the three-year historical average of costs for that contract market or one-half of average costs incurred by the Commission for each contract market for the most recent three years, plus a pro rata share (based on average trading volume for the most recent three years) of the aggregate of average annual costs of all contract markets for the most recent three years. The formula for calculating the second factor is:  $0.5a + 0.5vt = \text{current fee}$ . In this formula, "a" equals the average annual costs, "v" equals the percentage of total volume across exchanges over the last three years, and "t" equals the average annual costs for all exchanges. NFA, the only registered futures association regulated by the Commission, has no contracts traded; hence its fee is based simply on costs for the most recent three fiscal years.

This table summarizes the data used in the calculations and the resulting fee for each entity:

	Three-year average actual costs	Three-year percentage of volume	Average year 2003 fee
Chicago Board of Trade .....	\$161,420	34.7882	\$161,420
Chicago Mercantile Exchange .....	170,273	47.6397	170,273
New York Mercantile Exchange .....	173,114	14.4836	132,918
New York Board of Trade .....	100,453	2.5111	58,265
Kansas City Board of Trade .....	22,310	0.3581	12,301
Minneapolis Grain Exchange .....	12,617	0.1373	6,748
Subtotal .....	640,187	99.9181	541,925
National Futures Association .....	195,708	N/A	195,708
Total .....	835,895	99.9181	737,633

An example of how the fee is calculated for one exchange, the Minneapolis Grain Exchange, is set forth here:

- Actual three-year average costs equal \$12,617.
- The alternative computation is:  
 $(.5) (\$12,617) + (.5) (.001373) (\$640,187) = \$6748$ .
- The fee is the lesser of a or b; in this case \$6748.

As noted above, the alternative calculation based on contracts traded is not applicable to the NFA because it is not a contract market and has no contracts traded. The Commission's average annual cost for conducting oversight review of the NFA rule enforcement program during fiscal years 2000 through 2002 was \$195,708 (one-third of \$587,124). The fee to be paid by the NFA for the current fiscal year is \$195,708.

#### **Regulatory Flexibility Act**

The Regulatory Flexibility Act, 5 USC 601, *et seq.*, requires agencies to consider the impact of rules on small business. The fees implemented in this release affect contract markets (also referred to as exchanges) and registered futures associations. The Commission has previously determined that contract markets and registered futures associations are not "small entities" for purposes of the Regulatory Flexibility Act. Accordingly, the Chairman, on behalf of the Commission, certifies pursuant to 5 USC 605(b) that the fees implemented here will not have a significant economic impact on a substantial number of small entities.

Issued in Washington, DC, on March 2, 2004, by the Commission.

**Jean A. Webb,**

*Secretary of the Commission.*

[FR Doc. 04-5101 Filed 3-9-04; 8:45 am]

BILLING CODE 6351-01-M

#### **CONSUMER PRODUCT SAFETY COMMISSION**

**[CPSC Docket No. 04-C0003]**

#### **The Lifetime Products, Inc., Provisional Acceptance of a Settlement Agreement and Order**

**AGENCY:** Consumer Product Safety Commission.

**ACTION:** Notice.

**SUMMARY:** It is the policy of the Commission to publish settlements which it provisionally accepts under the Consumer Product Safety Act in the

**Federal Register** in accordance with the terms of 16 CFR 1118.20(e). Published below is a provisionally-accepted Settlement Agreement with The Lifetime Products, containing a civil penalty of \$800,000.

**DATES:** Any interested person may ask the Commission not to accept this agreement or otherwise comment on its contents by filing a written request with the Office of the Secretary by March 25, 2004.

**ADDRESSES:** Persons wishing to comment on this Settlement Agreement should send written comments to the Comment 04-C0003, Office of the Secretary, Consumer Product Safety Commission, Washington, DC 20207.

**FOR FURTHER INFORMATION CONTACT:** Dennis C. Kacoyanis, Trial Attorney, Office of Compliance, Consumer Product Safety Commission, Washington, DC 20207; telephone (301) 504-7587.

**SUPPLEMENTARY INFORMATION:** The text of the Agreement and Order appears below.

Dated: March 5, 2004.

**Todd A. Stevenson,**  
Secretary.

## CONSUMER PRODUCT SAFETY COMMISSION

[CPSC Docket No. 04-C0003]

### In the Matter of Lifetime Products, Inc.; Settlement Agreement and Order

1. This Settlement Agreement is made by and between the staff ("the staff") of the U.S. Consumer Product Safety Commission ("the Commission") and Lifetime Products, Inc. ("Lifetime" or "Respondent"), a corporation, in accordance with 16 CFR 1118.20 of the Commission's Procedures for Investigation, Inspections, and Inquiries under the Consumer Products Safety Act ("CPSA"). This Settlement Agreement and the incorporated attached Order settle the staff's allegations set forth below.

#### I. The Parties

2. The Commission is an independent federal regulatory agency responsible for the enforcement of the Consumer Product Safety Act, 15 U.S.C. 2051 *et seq.*

3. Lifetime is a corporation organized and existing under the laws of the State of Utah with its principal corporate offices located at Clearfield, UT.

#### II. Allegations of the Staff

4. Between 1994 and May 2000, Lifetime manufactured and distributed nationwide approximately 1.7 million portable basketball hoops ("basketball hoop(s)" or "product(s)").

5. The basketball hoops are sold to and/or are used by consumers for use in or around a permanent or temporary household or residence, a school, in recreation, or otherwise and are, therefore, "consumer products" as defined in section 3(a)(1) of the Consumer Product Safety Act (CPSA), 15

U.S.C. 2052(a)(1). Respondent is a "manufacturer" or "distributor" of the basketball hoops, which were "distributed in commerce" as those terms are defined in sections 3(a)(4), (5), (11), and (12) of the CPSA, 15 U.S.C. 2052(a)(4), (5), (11), and (12).

6. In the normal course of assembling the product, the consumer must use a 3/4" bolt to connect the product's pole braces to the pole. The instruction for attaching the bolt states, "Completely tighten all base and pole brace hardware at this time."

7. Because the consumer has no reference point for determining when the bolt is "tight enough," it is reasonable foreseeable that the consumer will tighten the 3/4" bolt until it is difficult to turn. When this occurs, the exposed threaded portion of the bolt can protrude from the pole.

8. The portable basketball hoop is defective because it is designed so that when the consumer tightens the 3/4" bolt until it is difficult to turn, the exposed threaded portion of the bolt can protrude from the pole. If this occurs, a person playing basketball can come into contact with the exposed threaded portion of the protruding bolt, and suffer serious injury including a possible fracture to the leg and/or serious lacerations.

9. Between March 1999 and March 2000, Lifetime learned of four basketball players who had received serious lacerations to their legs when they came in contact with the basketball hoop's protruding bolt. Also, one of these basketball players broke his leg.

10. On or about May 23, 2000, Lifetime made changes to its product consisting of the following: (a) A cap nut to cover the bolt; (b) replacement of the 3/4" bolt; and (c) revision of the assembly instructions warning consumers of serious injuries if they over-tightened the bolt.

11. From April 2000 to July 2001, Lifetime learned of 19 additional reports of basketball players sustaining lacerations to their legs when they came in contact with the basketball hoop's protruding bolt. Some of these lacerations were quite severe and required numerous sutures to close the wounds.

12. By the time the staff opened its investigation of Lifetime in July 2001, Lifetime had obtained information about 23 reports of injuries that occurred when basketball players came in contact with the product's protruding bolt.

13. As set forth in more detail in paragraphs 4 through 10 above, Lifetime obtained information which reasonably supported the conclusion that the basketball hoop described in paragraph 4 above contained a defect which—given the pattern of the defect, the severity of the risk of injury, and the number of products—could create a substantial product hazard. Lifetime failed to report such information to the Commission as required by section 15(b)(2) of the CPSA, 15 U.S.C. 2064(b)(2).

14. As set forth in more detail in paragraphs 4 through 10 above, Lifetime obtained information which reasonably supported the conclusion that the basketball hoop described in paragraph 4 above created an unreasonable risk of serious injury.

Lifetime failed to report such information to the Commission as required by section 15(b)(3) of the CPSA, 15 U.S.C. 2064(b)(3).

15. By failing to provide the information to the Commission as required by sections 15(b)(2) and (3) of the CPSA, 15 U.S.C. 2064(b)(2) and (3), Lifetime violated section 19(a)(4) of the CPSA, 15 U.S.C. 2068(a)(4).

16. Lifetime committed this failure to report to the Commission "knowingly" as the term "knowingly" is defined in section 20(d) of the CPSA, 15 U.S.C. 2069(d), thus, subjecting Lifetime to civil penalties under section 20 of the CPSA, 15 U.S.C. 2069.

#### III. Lifetime's Response

17. Lifetime denies the staff's allegations that it violated the CPSA as set forth in paragraphs 4 through 16 above.

18. Lifetime denies that the portable basketball hoop contains a defect which could create a substantial product hazard, or creates an unreasonable reasonable risk of serious injury and further denies that it violated the reporting requirements of section 15(b) of the CPSA, 15 U.S.C. 2064(b).

19. Based on an examination of basketball hoops involved in consumer injuries and on testing of basketball hoops by Lifetime, Lifetime concluded that the bolt protruded from the pole because consumers had over-tightened the bolt contrary to the assembly instructions. Lifetime believes and has advised the staff that the basketball hoop if properly assembled meets the relevant ASTM Voluntary Standard.

20. Lifetime enters this Settlement Agreement and Order for settlement purposes only, to avoid incurring additional legal costs and expenses. In settling this matter, Lifetime does not admit any fault, liability, statutory, or regulatory violation.

#### IV. Agreement of the Parties

21. The Consumer Product Safety Commission has jurisdiction over this matter and over Lifetime under the Consumer Product Safety Act, 15 U.S.C. 2051 *et seq.*

22. This Agreement is entered into for settlement purposes only and does not constitute an admission by Lifetime or a determination by the Commission that Lifetime knowingly violated the CPSA's reporting requirement.

23. In settlement of the staff's allegations, Lifetime agrees to pay a civil penalty in the amount of eight hundred thousand dollars (\$800,000.00) as set forth in the incorporated Order.

24. Upon final acceptance of this Agreement by the Commission and issuance of the Final Order, Respondent knowingly, voluntarily, and completely waives any rights it may have in this matter (1) to an administrative or judicial hearing, (2) to judicial review or other challenge or contest of the validity of the Commission's actions, (3) to a determination by the Commission as to whether respondent failed to comply with the CPSA and the underlying regulations, (4) to a statement of findings of fact and conclusions of law, and (5) to any claims under the Equal Access to Justice Act.

25. Upon provisional acceptance of this Agreement by the Commission, this Agreement shall be placed on the public

record and shall be published in the **Federal Register** in accordance with the procedures set forth in 16 CFR 1118.20(e). If the Commission does not receive any written objections within 15 days, the Agreement will be deemed finally accepted on the 16th day after the date it is published in the **Federal Register**.

26. The Commission may publicize the terms of this Settlement Agreement and Order.

27. The Commission's Order in this matter is issued under the provisions of the CPSA, 15 U.S.C. 2051 *et seq.* A violation of this Order may subject Lifetime to appropriate legal action.

28. This Settlement Agreement may be used in interpreting the Order. Agreements, understandings, representations, or interpretations apart from those contained in this Settlement Agreement and Order may not be used to vary or contradict its terms.

29. The provisions of this Settlement Agreement and Order shall apply to Lifetime and each of its successors and assigns.

Respondent, Lifetime Products, Inc.

Dated: February 13, 2004.

Barry Mower,

*President, Lifetime Products, Inc., PO Box 160010, Freeport Center, Building D-11, Clearfield, UT 84016-0010.*

Dated: February 13, 2004.

Kelly H. Macfarlane, Esquire,

*Christensen & Jensen, Attorneys for Respondent, Lifetime Products, Inc., 50 South Main Street, Suite 1500, Salt Lake City, UT 84144.*

Commission Staff

Alan H. Schoem,

*Assistant Executive Director, Office of Compliance, Consumer Product Safety Commission, Washington, DC 20207-0001.*

Eric L. Stone,

*Legal Division, Office of Compliance.*

Dated: February 18, 2004.

Dennis C. Kacoyanis,

*Trial Attorney, Legal Division, Office of Compliance.*

#### **CONSUMER PRODUCT SAFETY COMMISSION**

[CPSC Docket No. 04-C0003]

#### **In the Matter of Lifetime Products, Inc.; Order**

Upon consideration of the Settlement Agreement entered into between Respondent Lifetime Products, Inc., and the staff of the Consumer Product Safety Commission; and the Commission having jurisdiction over the subject matter and Lifetime Products, Inc.; and it appearing that the Settlement Agreement and Order is in the public interest, it is

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

*Further ordered* that upon final acceptance of the Settlement Agreement and Order, Lifetime Products, Inc. shall pay to the Commission a civil penalty in the amount of eight hundred thousand dollars (\$800,000.00) in two installment payments of four hundred thousand dollars (\$400,000.00) each. The

first payment of four hundred thousand dollars (\$400,000.00) is due on or before June 1, 2004 or within twenty (20) days after service upon Respondent of this Final Order of the Commission, whichever is later. The second payment of four hundred thousand dollars (\$400,000.00) is due on or before December 31, 2004. Upon the failure of Respondent Lifetime Products, Inc. to make a payment or upon the making of a late payment by Respondent Lifetime Products, Inc. (a) the entire amount of the civil penalty shall be due and payable, and (b) interest on the outstanding balance shall accrue and be paid at the Federal legal rate of interest under the provisions of 28 U.S.C. 1961(a) and (b).

Provisionally accepted and Provisional Order issued on the 4th date of March, 2004.

By Order of the Commission.

Todd A. Stevenson,  
*Secretary, Consumer Product Safety Commission.*

[FR Doc. 04-5403 Filed 3-9-04; 8:45 am]

**BILLING CODE 6355-01-M**

#### **DEPARTMENT OF DEFENSE**

#### **Defense Logistics Agency**

#### **Privacy Act of 1974; Computer Matching Program**

**AGENCY:** Defense Manpower Data Center, Defense Logistics Agency, DoD.

**ACTION:** Notice of a computer matching agreement.

**SUMMARY:** Subsection (e)(12) of the Privacy Act of 1974, as amended (5 U.S.C. 55a), requires agencies to publish advanced notice of any proposed or revised computer matching program by the matching agency for public comment. The DoD, as the matching agency under the Privacy Act is hereby giving notice to the record subjects of a computer matching program between VA and DoD that their records are being matched by computer. The purpose is to verify eligibility for the DoD/USCG members of the Reserve forces who receive VA disability compensation or pension to also receive military pay and allowances when performing reserve duty.

**DATES:** This proposed action will become effective March 10, 2004, and the computer matching will proceed accordingly without further notice, unless comments are received which would result in a contrary determination or if the Office of Management and Budget or Congress objects thereto. Any public comment must be received before the effective date.

**ADDRESSES:** Any interested party may submit written comments to the Director, Defense Privacy Office, 1941

Jefferson Davis Highway, Suite 920, Arlington, VA 22202-4502.

**FOR FURTHER INFORMATION CONTACT:** Mr. Vahan Moushegian, Jr. at (703) 607-2943.

**SUPPLEMENTARY INFORMATION:** Pursuant to subsection (o) of the Privacy Act of 1974, as amended, (5 U.S.C. 552a), the DMDC and VA have concluded an agreement to conduct a computer matching program between the agencies. The purpose of the match is to verify eligibility for the DoD/USCG members of the Reserve forces who receive VA disability compensation or pension to also receive military pay and allowances when performing reserve duty.

The parties to this agreement have determined that a computer matching program is the most efficient, expeditious, and effective means of obtaining and processing the information needed by the VA to identify those individuals who are receiving both VA compensation and DoD/USCF payments for those periods when they are performing Reserve duty. By law, the individual must waive his or her entitlement to VA disability compensation or pension if he or she desires to receive DoD/USCG pay and allowances for the period of duty performed. This matching agreement will result in an accurate reconciliation of such payments by permitting the VA to determine which individuals are being paid by DoD/USCG for duty performed and are being paid VA disability compensation or pension benefit for the same period of time without a waiver on file with the VA. If this reconciliation is not done by computer matching, but is done manually, the cost would be prohibitive and most dual payments would not be detected.

A copy of the computer matching agreement between VA and DoD is available upon request. Requests should be submitted to the address caption above or to the Department of Veterans Affairs, Veterans Benefit Administration, 810 Vermont Avenue, NW., Washington, DC 20420.

Set forth below is the notice of the establishment of a computer matching program required by paragraph 6.c. of the Office of Management and Budget Guidelines on computer matching published on June 19, 1989, at 54 FR 25818.

The matching agreement, as required by 5 U.S.C. 552a(r) of the Privacy Act, and an advance copy of this notice was submitted on February 24, 2004, to the House Committee on Government Reform, the Senate Committee on Governmental Affairs, and the