

AFSL GENERAL MEMBERSHIP MEETING

Louisville, KY

October 3, 2012



ELECTION OF DIRECTORS

John Rogers, Executive Director
Kit Smith, General Counsel

Candidates for Board of Directors

Importer Category:

- **Michael Ingram, Fireworks Over America**
- **Mick Marietta, Jake's Fireworks, Inc.**
- **Richard Shields, North Central Industries, Inc.**

Shipper Category:

- **Chi-Kay Cheung, Yuen Loong Hong Firecrackers, Ltd.**
- **Dennis Yip, Shiu Fung Fireworks Co., Ltd.**



PRESIDENT'S REPORT

Mr. Michael Collar, President



FINANCIAL REPORT

Mr. Tad Trout, Treasurer



DISPLAY FIREWORKS TESTING PROGRAM
Program Overview

Mr. John Rogers, Executive Director

TIMETABLE

- **Sept. 2010** -- Display companies approached AFSL to establish certification program.
- **Feb. 2011** -- Board approved Program Development.
- **Aug.18, 2011** -- Follow-up meeting with China industry.
- **Sept. 1 – Nov. 30, 2011** -- Factory audits conducted.
- **Dec. 2011** – Board approved final Display Standards.
- **Jan. 1, 2012** -- Initiated product inspections and container loading supervision.
- **Jun. 1, 2012** – **All shipments require certification.**
- **Nov. 1, 2012** – **Initiate 2nd Round of Audits.**

DISPLAY FIREWORKS PROGRAM REVIEW

Three components :

- Annual factory audits
- On-site product evaluations
- Container loading supervision

Annual Factory Audit

➤ Purpose:

- Ensure proper manufacturing practices are maintained.
- Validation that components and packaging meet the requirements of the Display Fireworks Program.

Annual Factory Audit

- Factory Audit Sections:
 - Quality Assurance Records
 - Supplied Materials Quality Assurance
 - Process Control
 - Certification Documents

Annual Factory Audit

- Factory Registration Number :
 - Each complying factory is assigned an AFSL Registration Number.
 - Annual re-Audits are required to maintain registration.
 - Registration No. is cancelled if a factory fails future re-audits.

On-site Product Evaluation

- Purpose:
 - Ensure the product and packaging comply with the requirements of AFSL program.
 - Certify all shipping cartons with an AFSL sticker.

On-site Product Evaluation

- Shipper submits an application for product evaluation to SGS.
- Evaluation completed within 3 working days.

Carton Evaluation

- Shipping Carton Specifications:
 - **5 layers for < 20kg**
 - **7 layers for => 20kg**

Carton Evaluation



Carton Evaluation



On-site Product Inspection

- Product Inspection Criteria:
 - Contents will be checked to ensure that product matches carton markings.
 - Product will be inspected for proper warning labels, product description label, and importer identification label.
 - Products will be checked to ensure size is within industry standards and tolerance.

On-site Product Evaluation

- Product Inspection Criteria:
 - Products will be inspected for powder leakage.
 - Lift charge chamber will be inspected for secure attachment.
 - Fuses will be checked for secure attachment and proper placement inside the carton.

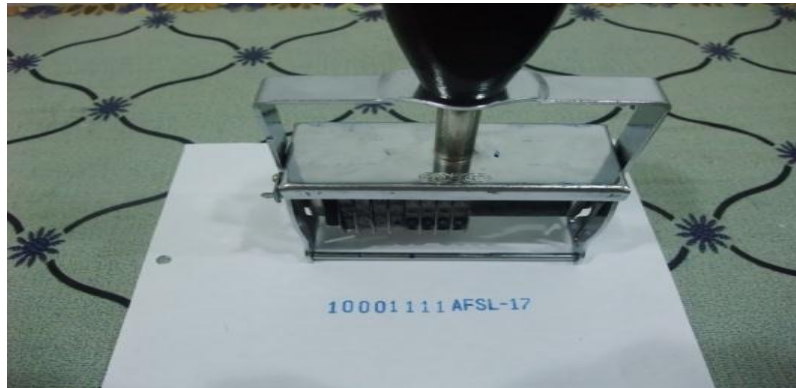
Packaging Evaluation



On-site Product Evaluation

➤ Certification of Lots:

- A Security Lot ID Number will be stamped on each carton in a lot.
- Each shipping carton in an approved Lot will have an AFSL Security Sticker attached.



Security Smart Label



Confidential

Enlargement

Container Loading Supervision

➤ Purpose:

- Verify that only AFSL certified/approved display fireworks are loaded into shipping containers.
- Verification of shipping documents.
- Verify the goods are secured for transportation.

Loading Supervision Procedures

- Check the product quantity against the shipping papers / packing list.
- Check the general condition of container interior and exterior (e.g. leakage, damage, infestation, etc.).
- Supervise the loading process, take photos for documentation.
- Make sure the blocking and bracing is in place.
- Apply AFSL/SGS seal to the container.

Participation Requirements for Shippers

1. Sign an AFSL Participation Agreement.
2. Apply for product evaluation on behalf of US importers.
3. Collect certification fees from the US importers and pay to AFSL.

Participation Requirements for Importers

“Participating Importer” shall include all of the participating importer’s parent, subsidiary and related companies and other affiliates. Affiliates shall include all persons who control, are controlled by, or are under common control with the participating importer or its officers or directors.

Category I Fireworks – Fireworks designated by AFSL as Category I Display Fireworks will be independently evaluated in China under the AFSL Display Fireworks Certification Program, a copy of which is attached as Appendix A and incorporated herein by reference. Appendix B contains a current list of Category I fireworks. This list is subject to change at AFSL’s discretion. All other Governed Fireworks will be designated as Category II and will not be subject to AFSL’s testing requirement in China.

Participation Requirements for Importers

Quality Improvement Funding – To support the quality improvement programs, Participating Importers have authorized a Quality Testing Fee on all shipments of Governed Fireworks to the United States to be assessed on them by the shipper. The amount of the Quality Testing Fee is established at U.S. \$1.00 per carton for Category I fireworks. These fees will be reviewed annually and may be adjusted based on the projected program requirements.

PARTICIPATING 1.3G IMPORTERS

More than 50% of U.S. Market

- 1 Arthur Rozzi Pyrotechnics, Inc., Maineville, OH
- 2 Atlas Advanced Pyrotechnics, Inc., Jaffrey, NH
- 3 Central States Fireworks, Inc., Athens, IL
- 4 Fireworks by Grucci, Brookhaven, NY
- 5 J&M Displays, Inc., Yarmouth, IA
- 6 Kellner's Fireworks Inc., Harrisville, PA
- 7 Melrose Pyrotechnics, Inc., Kingsbury, IN
- 8 Pyro Shows, Inc., La Follette, TN
- 9 Pyro Spectaculars, Inc., Rialto, CA
- 10 Pyrotecnico, New Castle, PA
- 11 RES Specialty Pyrotechnics, Belie Plaine, MN
- 12 Western Enterprises, Inc., Carrier, OK
- 13 Wolverine Fireworks Display, Inc., Kawkawlin, MI
- 14 Zambelli Fireworks, New Castle, PA

PARTICIPATING SHIPPERS

- 1 Babytiger Fireworks Import & Export Ltd., Co.
- 2 Cenxi Wahyee Advanced Fireworks Factory
- 3 Far East San Luen Fat Trading Ltd.
- 4 Glorious Professional Products Trading Limited
- 5 Hua Hui Fireworks Manufacturing Co., Ltd.
- 6 ICON Pyrotechnics International Co., Ltd.
- 7 Inter-Oriental Fireworks (HK) Ltd.
- 8 Jiangxi Changshan Exporting Fireworks Manufacture Co., Ltd.
- 9 Jiangxi Province Light Industrial Products I/E Co., Ltd.
- 10 Jiangxi Wanzai Golden Peak Fireworks Corp.
- 11 Liuyang Jingli Fireworks Trade Co., Ltd.
- 12 Liuyang Qingtai Export Trade Co., Ltd.
- 13 Liuyang Sunny Fireworks Trade Co., Ltd.
- 14 United Pyrotechnics (USA) Inc.



***MODIFICATIONS TO DISPLAY FIREWORKS
STANDARDS***

Display Fireworks Standards Committee

Display Industry Representatives

Robert Kellner, Kellner's Fireworks
Stephen Pelkey, Atlas Advanced Pyrotechnics
James Burnett, Western Enterprises
Stephen Vitale, Pyrotecnico
Bob Deng, Lidu Fireworks Corporation, Ltd.
Robert Foti, ICON Pyrotechnics

Regulatory Authorities – ATF US DOT State Regulator

Michael O'Lena, ATF
Nominee Approved by Board; pending acceptance
Daniel McMullin, Illinois State Fire Marshal's Office

Shipping Lines

Yulu Hu, Hua Yang Transportation Co., Ltd.

Insurance Industry

Eric Treend, Britton-Gallagher & Associates, Inc.

Packaging Industry

Pending

Technical Experts

Graham Walsh, Energetic Materials Research and
Tom Dunaway, DOT (retired)

Committee Chairman

John Rogers, AFSL Executive Director

SUMMARY OF DISPLAY PROGRAM RESULTS

- **Factory Audit Program Status thru June 30:**
 - 20 – Passed/ Certified (3 required re-audit)
 - 1 – Failed (re-audit is under way)
- **Product Certification Status thru June 30:**
 - 19,842 Cases tested for 7 Shippers
- **Container Loading Supervision Status thru June 30:**
 - Loading supervision for 5 Shippers



***DOT ENFORCEMENT PROGRAM RE EX NUMBERS
FOR DISPLAY FIREWORKS***

Mr. Phil Grucci, Board of Director

DOT EX NUMBERS

- DOT implemented new enforcement program for EX numbers in June 2012.
- Shipments are now inspected at U.S. ports for validity of EX numbers.
- Seven containers were seized by DOT due to the lack of valid EX numbers.

ONE COMPANY'S EXPERIENCE

- Seven containers shipped to Fireworks by Gucci were inspected by DOT, and seized for lack of valid EX numbers.
- The containers include products from three major suppliers in China.
- 55% of the items lacked of valid EX numbers.

THE PROBLEM –

- EX numbers on the products did not match the approval documents.
- Products contained different effects that were not included in the original series application.
- The factories modified original approved designs without applying for new EX approvals.

COST TO THE IMPORTER

- Loss of use of the products during the Fourth of July season.
- The containers were required by DOT to be transported to the company's storage facility under special permits and escort.
- Potential fines/ penalties are pending against the suppliers.

AFSL'S PLANS

- AFSL currently does not verify EX Numbers in the product evaluation process.
- Options under consideration include:
 - Incorporating EX Number verification in the Factory Audits.
 - Requiring EX Number documents during product evaluation inspections.
 - Developing AFSL's own EX Number data base to cross reference with DOT. **Approved and Funded by Board on Oct. 1, 2012.**

BREAK – 15 MINUTES





REVIEW OF CENTRALIZED TESTING IN CHINA

**Mr. Joe Romeo, Global Key Account Manager,
SGS**

WHAT IS CENTRALIZED TESTING?

- Current System: Teams are dispatched to factories to randomly sample, test, and certify lots on site.
- Centralized System: All samples are transported to and tested at a central location.

HOW CENTRALIZED TESTING WORKS

- One team is dispatched to factory to randomly collect, identify, and secure samples at the factory.
- Limited Testing (powder leakage, tipover, fuse side ignition, and labeling) is performed at the factory.
- Samples are transported to central testing site by AFSL/SGS transportation contractor.
- Testing will be performed at the central site by a different team of technicians, under the supervision of senior staff.
- For complying samples, a third team is dispatched to the factory to certify the Lot (application of stickers).

CENTRALIZED TEST SITE



SAMPLE WAREHOUSE



CENTRALIZED TEST SITE



TEST PADS



CENTRALIZED TEST SITE



ON-SITE LAB



GOALS OF CENTRALIZED TESTING

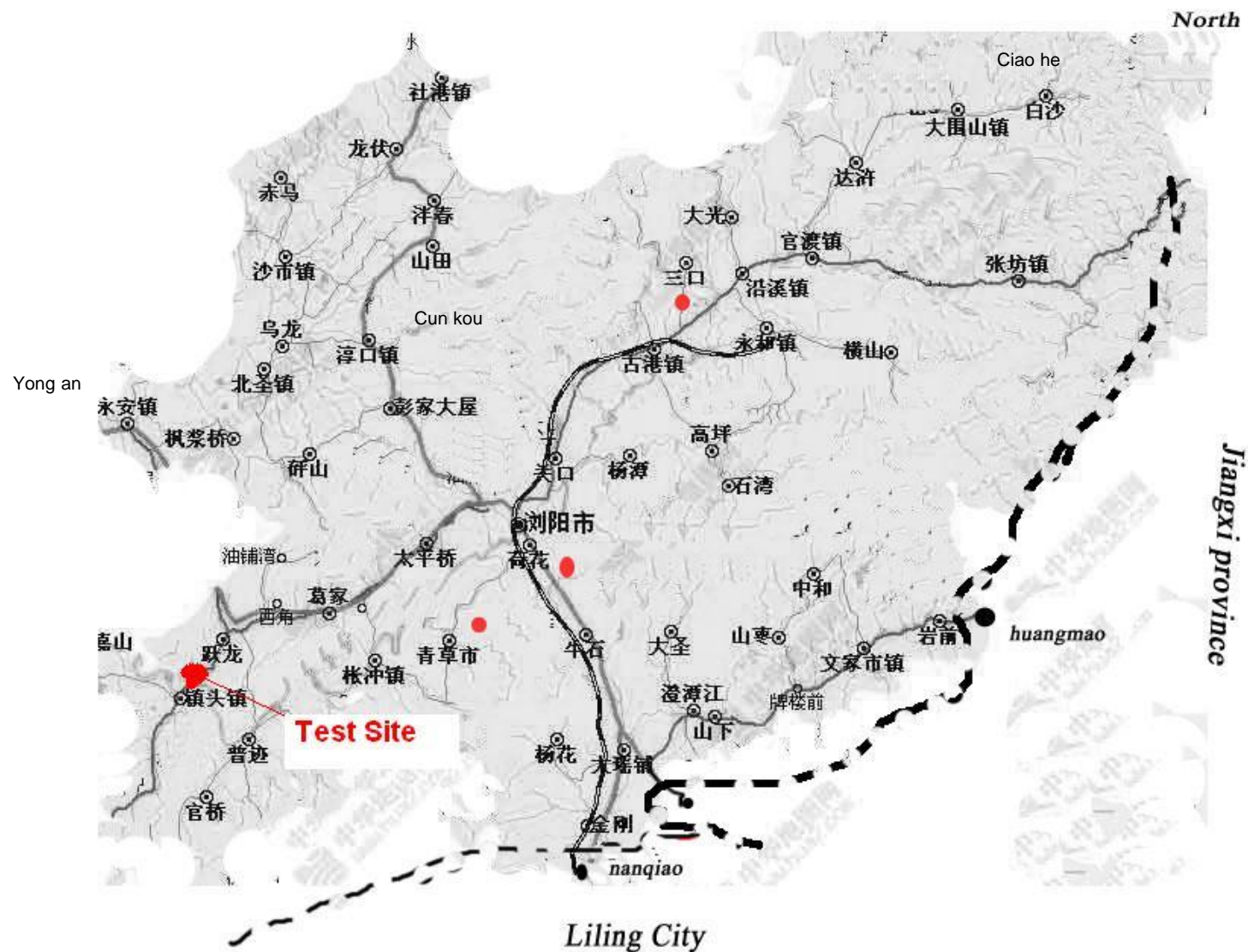
- Improve consistency in results among all testing teams (currently 38 technicians, working in teams to two).
- Standardize the conditions under which testing is performed to assure greater accuracy of results.
- Reduce the potential for undue influence or interference with the technicians by factory personnel, thus enhancing the integrity of the AFSL program.
- Improve consistency with CPSC results.



IMPLEMENTATION DATE

- September 1, 2012

GEOGRAPHIC AREA IN RANGE



PRELIMINARY OBSERVATIONS (SEPT. 2012)

- Turn Around Time (TAT)
 - In worst case scenario we are experiencing delays of 1 -2 days from normal TAT (24 - 48 hours).
- Not Enough Manpower
 - Taking too much time to do sampling, initial testing, and applying stickers
 - Adjust the number of personnel dispatched to align to lot sizes.
 - Additional Staff at Test Site to speed up the testing process .
- Too Few Trucks
 - Adding more trucks to speed up the transportation.
 - Routing the trucks in the most efficient way.
- Volume of Work Is Likely to Bottleneck During Peak Season
 - Implementation is during our slow season giving us time to evaluate processes and make adjustments to minimize delays.



**DOT PROPOSAL ON EX NUMBERS FOR
CONSUMER FIREWORKS**

Dr. John Conkling, Board of Director

DOT PROPOSAL

- On August 30, 2012, PHMSA issued a Notice of Proposed Rulemaking to establish an alternative to the current EX Numbers approval process.
- For 1.4G fireworks only, an alternative option is proposed in which applicants will submit applications for certification to a *Fireworks Certification Agency* (FCA) in lieu of submitting applications for approval to PHMSA. There would be a fee charged for this service by the FCA's,
- The FCA would review an application and certify that fireworks comply with the criteria of APA 87-1.

What is a Fireworks Certification Agency(FCA)?

- FCAs will need to be 'approved' by PHMSA.
- To become a DOT-approved FCA, the applicant will be required to submit an application with all procedures it will use to review and certify Division 1.4G consumer fireworks, as specified in DOT regulations.
- The FCA will be expected to maintain meticulous records of their approvals.

TIME LINE FOR THE RULE

- Date of Proposal: August 30, 2012
- Date Comments are due to DOT: **October 29, 2012**
- Implementation Date: To be set by DOT

KEY POINTS

- AFSL/SGS could qualify as an approved Fireworks Certification Agency (FCA).
- Existing AFSL Certification Database could satisfy the recordkeeping requirement.
- Processing Time for EX approvals from DOT could improve dramatically.
- AFSL will submit extensive comments on the proposal and requests your input or separate comments.

AFSL Comment #1

- DOT must adopt the new 2012 version of APA 87-1 for this rule to be of any significant value to the industry
- The “old” version of 87-1 was prepared 15 years ago – there have been a lot of changes since then.

AFSL Comment #2

AFSL or SGS will likely apply to become an FCA – we are uniquely qualified to offer this service

AFSL Comment #3

- “Physical examination” of a sample of the fireworks device by the FCA should NOT be required to include a detailed chemical analysis of every component –
- Total composition weights per tube, lift and burst composition weights per tube, report weights per report, and the presence of any metal powders in lift and burst compositions should be determined and compared to the amounts given in the application

AFSL Comment #4

- All FCA's should be required to establish maintain an accurate and up-to-date database of their "FX" approvals that can be accessed by DOT for verification purposes

Summary

- AFSL supports the DOT proposal, and urges that our suggestions be incorporated in the final rule.
- AFSL and APA will continue to follow the progress of the proposal and report any actions to our members.
- AFSL along with APA is encouraging members to write to DOT and comment on the proposal, urging that it be approved as quickly as possible, and that the suggestions made by AFSL and APA be incorporated into the Final Rule.
- Template will be provided to members by Email.



***REPORT ON CONSUMER FIREWORKS
TESTING PROGRAM***

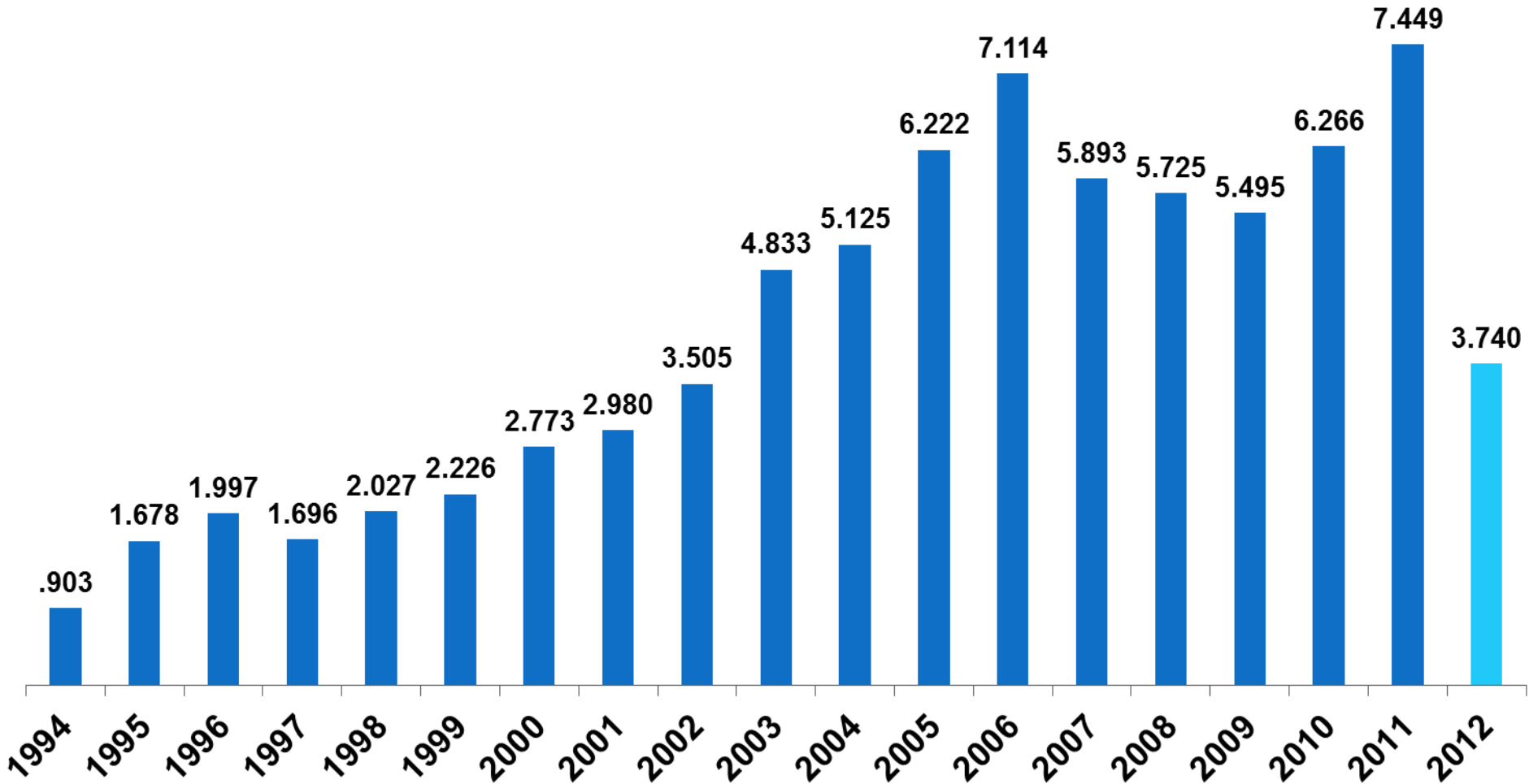
John Rogers, Executive Director

SUMMARY OF TEST RESULTS

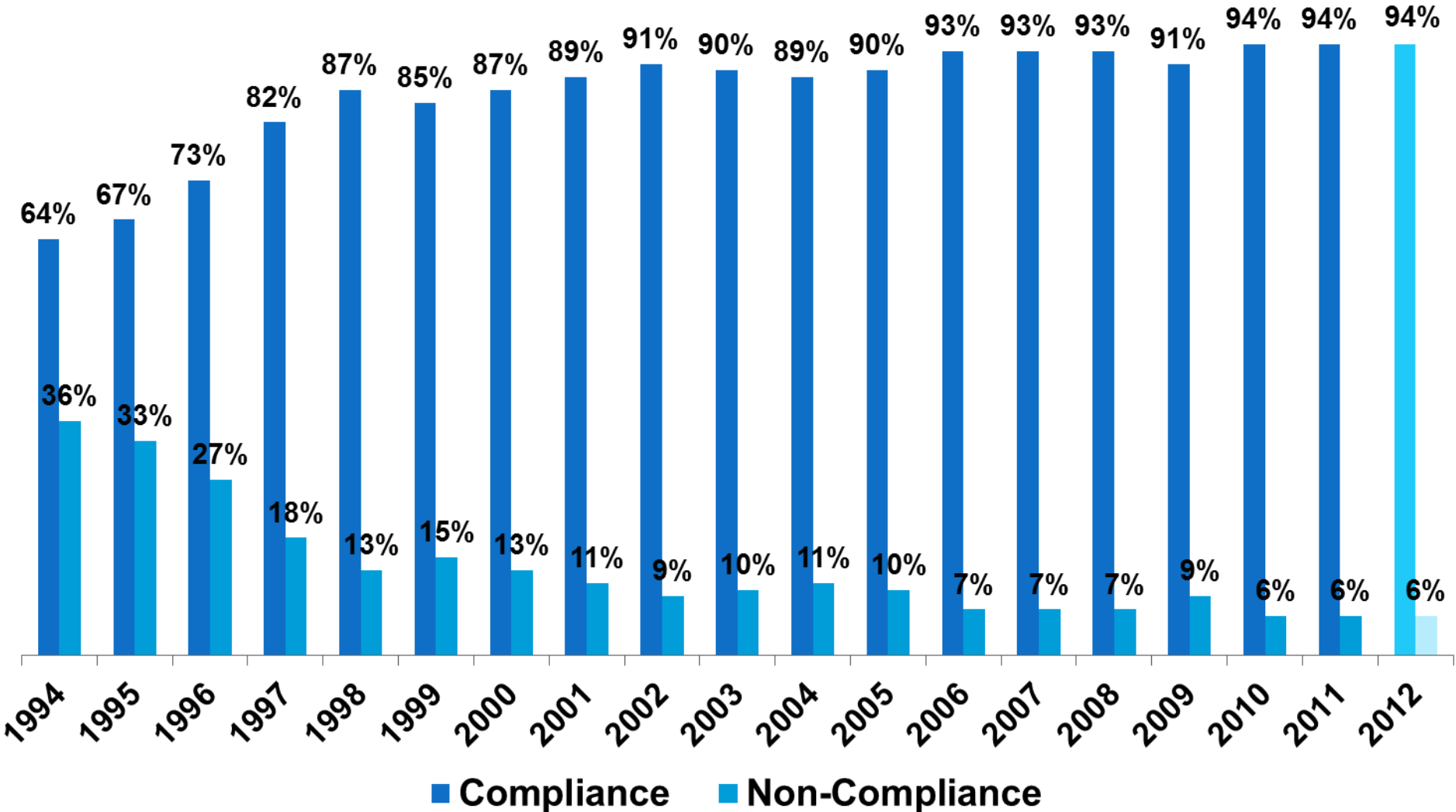


Consumer Cases Tested By Year 1994 – 2012

(Stated in Millions of Cases)

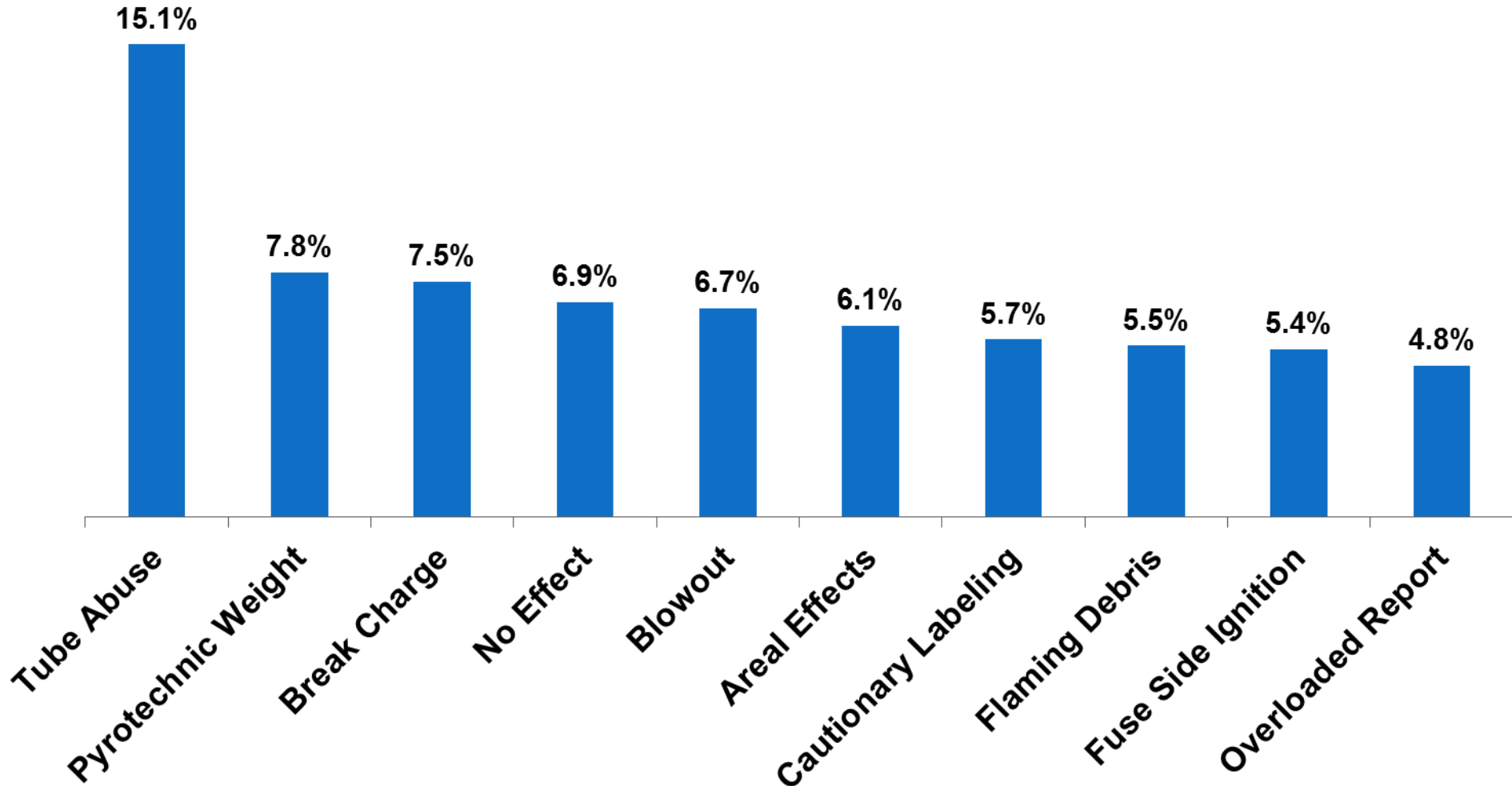


QIP Compliance Percentage By Year



Top 10 Violations in 2011

(Percentage of Total Violations)



***NEW STANDARDS APPROVED BY THE
BOARD***



DEVICES THAT RESEMBLE CANDY OR FOOD

- ▶ Old Requirement: The finished item must not be designed or packaged in such a manner that it could be confused with candy or other food.
- ▶ New Requirement: The finished item must not be designed or packaged in such a manner that it could be confused with candy or other foods if it is of a size or configuration that could be ingested.
- ▶ Effective Date: September 1, 2012

ACCEPTABLE



ACCEPTABLE



ACCEPTABLE



BANNED



Requirements for Snappers

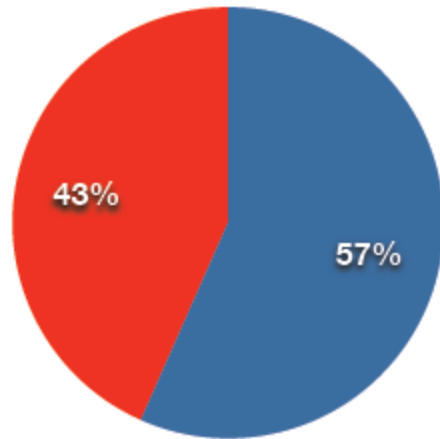
- New definition: A paper or plastic wrapped device containing not more than 1.0 mg of silver fulminate coated on small bits of sand or gravel. When dropped the device explodes, producing a small report.
- Note: Snappers wrapped in other than paper wrapping or devices containing chemical compositions other than silver fulminate require an EX approval under 49CFR 173.56B.
Effective date: January 1, 2012.

MODIFICATIONS TO TESTING PROCEDURES



US CPSC TEST RESULTS

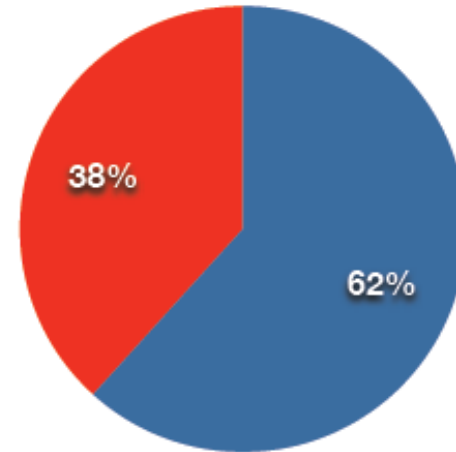
FY10 AFSL Tested Samples



● Compliant Samples

● Violative Samples

FY10 Non-AFSL Tested Samples



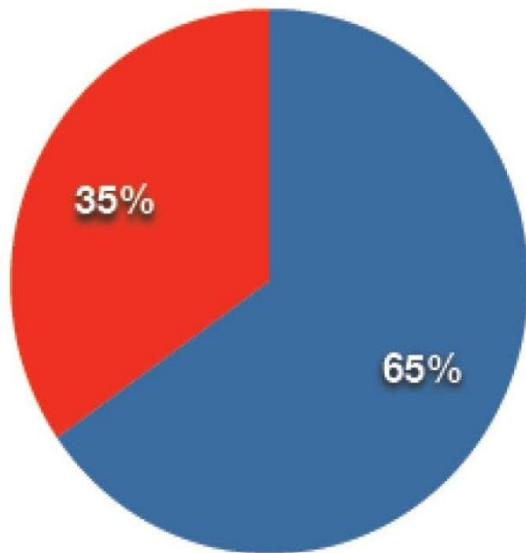
● Compliant Samples

● Violative Samples

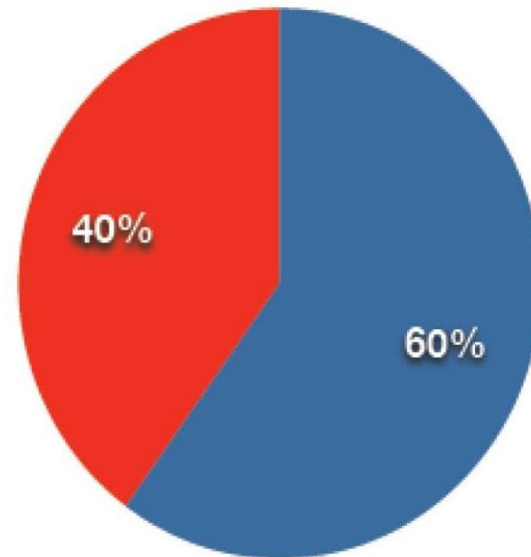
US CPSC TEST RESULTS

CPSC Fireworks Program

FY11 AFSL Tested Samples



FY11 Non-AFSL Tested Samples



● Compliant Samples

● Violative Samples

● Compliant Samples

● Violative Samples

RECENT SIGNIFICANT VIOLATIONS

AFSL Test Lot ID	Product Category	Violation	Average weight of the audible effect composition
Aerial Devices:			
11014466	Reloadable Assortment	16 C.F.R. §1500.17(a)(3)	11,595.90 mg or 178.95 grains
11X04135	Reloadable	16 C.F.R. §1500.17(a)(3)	11,644.40 mg or 179.70 grains
11014466	Reloadable Assortment	16 C.F.R. §1500.17(a)(3)	11,966.60 mg or 184.67 grains
11014504	Mine and Shells	16 C.F.R. §1500.17(a)(3)	1758.20 mg or 27.13 grains
11013664	Rocket	16 C.F.R. §1500.17(a)(3)	187.50 mg or 2.89 grains
11014927	Mine and Shells	16 C.F.R. §1500.17(a)(3)	2401.60 mg or 37.06 grains
11016458	Mine and Shells	16 C.F.R. §1500.17(a)(3)	2521.30 mg or 38.91 grains
11012024	Mine and Shells	16 C.F.R. §1500.17(a)(3)	2558.40 mg or 39.48 grains
11012025	Mine and Shells	16 C.F.R. §1500.17(a)(3)	2704.30 mg or 41.73 grains
11016754	Combinations	16 C.F.R. §1500.17(a)(3)	2722.30 mg or 42.01 grains
11016093	Mine and Shells	16 C.F.R. §1500.17(a)(3)	2722.30 mg or 42.01 grains
11X03460	Mine and Shells	16 C.F.R. §1500.17(a)(3)	3208.10 mg or 49.51 grains
11017384	Mine and Shells	16 C.F.R. §1500.17(a)(3)	3503.30 mg or 54.06 grains
11015448	Mine and Shells	16 C.F.R. §1500.17(a)(3)	3531.40 mg or 54.50 grains
11013196	Mine and Shells	16 C.F.R. §1500.17(a)(3)	4761.20 mg or 73.48 grains
Firecracker:			
11X04292	Firecrackers	16 C.F.R. §1500.17(a)(8)	490.10 mg or 7.56 grains

MODIFICATIONS TO TEST PROCEDURES

- Sampling Plan Amended for:
 - Fuse Attachment and Fuse Side
 - Firecracker Powder Weights
 - Performance Test on 500 gram Mine and Shell Devices
 - Weighing of Total Pyrotechnic Composition

CPSC Break Charge Test

- AFSL Standards Committee working with CPSC to develop objective test for evaluating break charges in aerial devices.
- CPSC has designated it as a Priority Project.
- Development of test procedure to measure pressure rather than sound is underway.

DOMESTIC AUDIT PROGRAM

- PURPOSE:

- A. Monitor Integrity of Certification Process in China.

- Application of AFSL Stickers

- Authenticity of AFSL Stickers

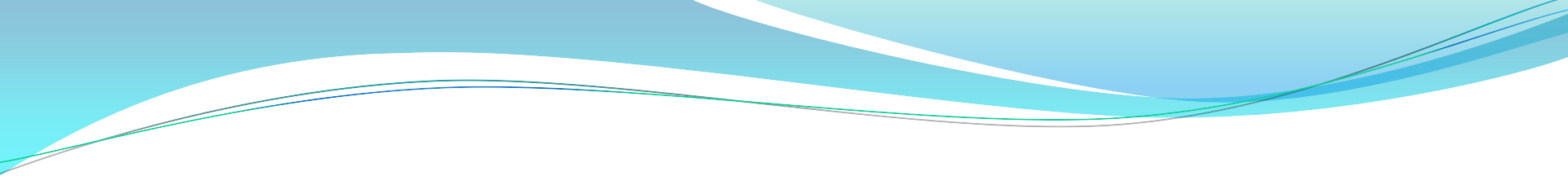
- AFSL Lot Identification Stamps

- Integrity of Shipping Cartons



- B. Assist Importers in Correcting Deficiencies in Program

- Familiarity with Requirements of Program
- How to Address untested Lots
- Assuring Compliance with CPSC Certification Requirements.

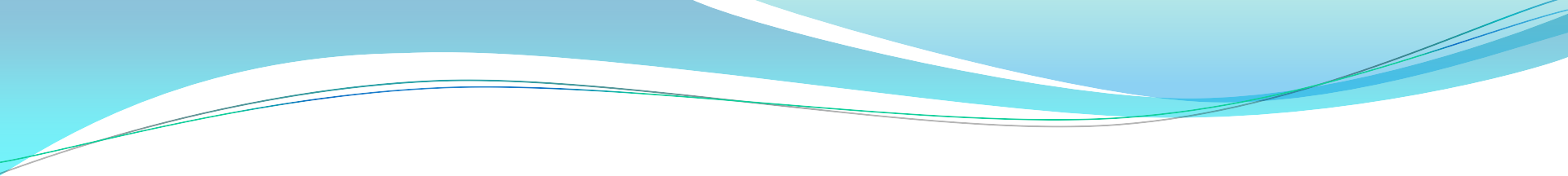
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- C. Enhance the Integrity of the AFSL Program
 - Validate Certification Process in China
 - Demonstrate that Program is Adequately Monitored
 - Improve the Credibility of the Program for Regulatory Authorities (DOT and CPSC)

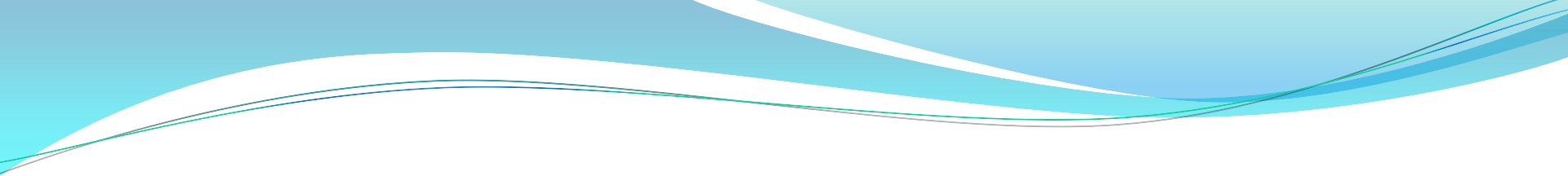
LIMITATIONS OF AUDITS

- No Intent to Assess Penalties for Discrepancies
- Information Collected is Confidential (AFSL Staff Only; No Board Access)
- No Reporting to Regulatory Agencies

OPERATING PROCEDURES

- Phase I -- Initial Audits will Cover Board Members' Companies Only.
- Prior Notice to Individual Companies Required (minimum of one week).
- Audits will be Conducted by AFSL Auditor – Jerry Wingard.

- 
- Multiple Warehouse Locations will be Included in Audits
 - Audits Should Not Exceed One Day at each Location
 - Information Requested will Include:
 - 1. Randomly Check Cartons for Integrity
 - 2. Randomly Open Cartons to Verify Content
 - 3. Certificate of Compliance Review

- 
- Any Discrepancies will be Pointed out to Importer.
 - Written Report Prepared for each Audit.
 - Reports will be Reviewed by Executive Director only, Sent to Company, and Filed by AFSL.
 - Companies may Comment on Contents of Written Report.

TIMETABLE

- A. Approval/Funding of Program by Board – Feb. 21, 2012.
- Training/Preparation – Mar. 1 to Mar. 23, 2012.
- Initiation of Audits for Director Companies – Mar. 26 to Aug. 24, 2012.
- Review/Assessment of Process – Aug. 27 to Sep. 30, 2012.
- Initiation of General Audit Program – November 1, 2012.

AFSL Audits -- Phase 1



AFSL Internal Audits Results

- **Most locations had issues with AFSL Security Stickers and Lot ID Numbers, including**
 - **Torn or unreadable stickers;**
 - **Inadequately attached stickers (stickers were removable and could be reused;**
 - **Lot ID Numbers missing from cartons;**
 - **Illegible or incomplete ID Numbers stamped on cartons;**
 - **ID Numbers stamped over other markings or placards ;**

AFSL Internal Audit Results

- **Issues with AFSL Test Reports (Most locations)**
 - **Incomplete or missing data**
 - **Devices with “Report on Label” but not on Test Reports**
 - **Inaccuracies in the reporting of Sample Sizes on Test Reports**

AFSL Security Stickers



AFSL Security Stickers



AFSL Security Stickers



AFSL Security Stickers



AFSL Security Stickers



AFSL Lot Numbers



AFSL Lot Numbers



AFSL Lot Numbers





Phase II

Implementation

November 1, 2012



PST



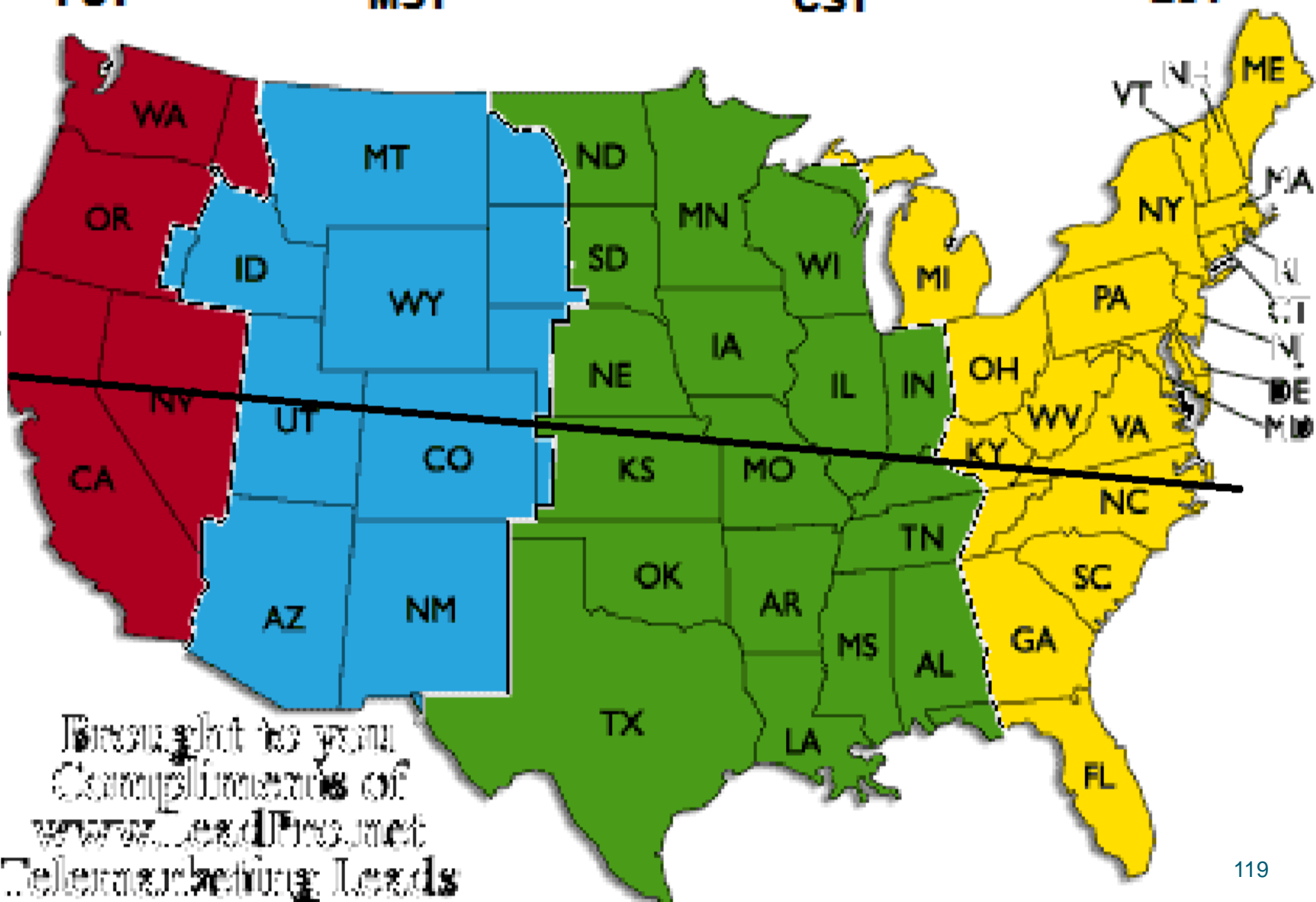
MST



CST



EST



Business about 10 years
 Communications of
 various...
 Telecommunications...
Leads



ELECTION RESULTS

AFSL WELCOMES YOU TO VISIT OUR NEWLY REVISED WEBSITE

The screenshot shows the AFSL website homepage. At the top, there is a navigation bar with the AFSL logo and the text "AMERICAN FIREWORKS STANDARDS LABORATORY". To the right of the logo, there are links for "HOME", "ABOUT US", "CONSUMER FIREWORKS", "DISPLAY FIREWORKS", "DOMESTIC PROGRAM", "PROGRAM UPDATES", and "CONTACT US". A search bar is also present with the text "Search AFSL...".

Below the navigation bar, there is a large image of a firework exploding. To the right of the image, there is a section titled "UPCOMING EVENTS" with a calendar for October. The calendar shows the following dates:

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Below the calendar, there is a section titled "LATEST NEWS" with the text "Display Fireworks Certification begins in January 2012." To the right of the news section, there is a box for an upcoming event:

Wed, October 3, 2012
AFSL General Membership Meeting
Louisville, KY
1:30 pm to 4:30 pm

At the bottom of the page, there is a paragraph of text: "The American Fireworks Standards Laboratory (AFSL) is an independent, non-profit corporation whose primary purpose is to improve the quality and safety of fireworks distributed or used in the U.S. marketplace. Services provided by AFSL include:"



Live Demonstration

www.afsl.org



CLOSING REMARKS

Mr. Michael Collar, President

QUESTION & ANSWER PERIOD

how

where

when

who

why

what



WWW.AFSL.ORG

THANK YOU!

