

CARU® NEWS

Immediate Release

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SPIN MASTER LTD. TAKES PART IN CARU FORUM *Company Agrees to Modify, Discontinue Claims for its 'Black Belt Karate Studio'*

New York, NY – May 18, 2006 – The Children’s Advertising Review Unit (CARU) of the Council of Better Business Bureaus, Inc., has recommended Spin Master Ltd. modify or discontinue advertising claims for its “Black Belt Karate Studio” toy set. The company has agreed to make necessary material changes to its advertising.

CARU, the children’s advertising industry’s self-regulatory forum, reviewed television advertising and packaging for the Black Belt Karate Studio -- which includes a video, training mat, inflatable heavy bag and instructions for their use – following consumer complaints.

At issue were advertising claims that suggested purchase of the product would allow children to master the martial art of karate by watching the video, which features instructor Tommy Nitro.

Specifically, the voice-over for the television commercials states:

- “Tommy Nitro can show you how to become a karate master with the Black Belts Karate Studio.”
- “You can join the Black Belts team and become a REAL karate master!”

The packaging claims include:

- “BECOME A KARATE MASTER AT HOME!”
- “BECOME A KARATE MASTER WITH TOMMY NITRO AND FRIENDS!”

CARU sought the opinion of an academic advisor to determine what a child’s takeaway from the claims would likely be. According to that advisor, use of the words, “Join the Black Belts Team” and “karate master” in the television commercial provides a strong implication that the child using the product will qualify as a black belt and karate master.

Following its review of the evidence, CARU determined that the commercial and packaging create the impression that use of the product will result in children becoming black belts and karate masters.

“The phrase ‘Black Belt’ is not only part of the name of the product, but is repeated throughout the commercial and on the packaging. The term ‘Black Belt’ is synonymous with an advanced level of expertise in the discipline of karate, entailing years of mastery of lower levels of the practice. In order to be recognized as a ‘Black Belt’ in any discipline takes times, practice, determination, and instruction. The term ‘Karate

Master,' connotes a similar level of expertise, mastery of the discipline of karate," the decision states.

The decision notes that it is "well-established that an advertiser is responsible for all reasonable interpretations of the claims it makes, express and implied, not just those it intended to convey."

The company did not agree with the opinion of CARU's academic advisor and felt the product was not misleading and was similar to many other aspirational role play products in the toy market. Spin Master, in its advertiser's statement said "the *Black Belts™ Karate Studio* is an extremely successful role play item with over half a million units in the marketplace to-date. Spin Master has not directly received a single complaint about 'misleading' claims from a consumer who used the product. Spin Master stands behind its product and hopes to continue to inspire children to explore different physical activities through its line of role play products."

"However, Spin Master carefully considered CARU's concerns about this product's potential to mislead consumers and will take the steps detailed in the decision to address these concerns," the company said.

For a copy of the decision or for press inquiries, please contact Linda Bean, Director of Communications, 212-705-0129.

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The National Advertising Review Council (NARC) was formed in 1971 by the Association of National Advertisers, Inc. (ANA), the American Association of Advertising Agencies, Inc. (AAAA), the American Advertising Federation, Inc. (AAF), and the Council of Better Business Bureaus, Inc. (CBBB). Its purpose is to foster truth and accuracy in national advertising through voluntary self-regulation. NARC is the body that establishes the policies and procedures for the CBBB's National Advertising Division (NAD) and Children's Advertising Review Unit (CARU), as well as for the National Advertising Review Board (NARB).

NAD and CARU are the investigative arms of the advertising industry's voluntary self-regulation program. Their casework results from competitive challenges from other advertisers, and also from self-monitoring traditional and new media. The National Advertising Review Board (NARB), the appeals body, is a peer group from which ad-hoc panels are selected to adjudicate those cases that are not resolved at the NAD/CARU level. This unique, self-regulatory system is funded entirely by the business community; CARU is financed by the children's advertising industry, while NAD/NARC/NARB's sole source of funding is derived from membership fees paid to the CBBB. For more information about advertising self regulation, please visit www.narcpartners.org.