

U.S. DISTRICT COURT  
WESTERN DISTRICT OF ARKANSAS  
FILED

MAY 12 2010

CHRIS R. JOHNSON, Clerk  
By  
Deputy Clerk

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF ARKANSAS

|                                      |   |
|--------------------------------------|---|
| _____                                |   |
| FEDERAL TRADE COMMISSION,            | ) |
|                                      | ) |
| Plaintiff,                           | ) |
|                                      | ) |
| v.                                   | ) |
|                                      | ) |
| WORKING CHEMICAL SOLUTIONS,          | ) |
| INC. and ROBERT C. SMITH,            | ) |
| individually and as the President of | ) |
| Working Chemical Solutions, Inc.,    | ) |
|                                      | ) |
| Defendants.                          | ) |
| _____                                |   |

CIVIL ACTION NO. 10-1037

COMPLAINT FOR  
INJUNCTION AND  
OTHER RELIEF

Plaintiff, Federal Trade Commission ("FTC" or "Commission"), for its Complaint alleges that:

1. Plaintiff brings this action under Sections 5(a)(1), 13(b), and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a)(1), 53(b), and 57b to obtain: (a) an injunction and other relief against Defendants Working Chemical Solutions, Inc. ("WCS"), d/b/a National Calibration and Validation Laboratories ("NCVL"), and Robert C. Smith, d/b/a NCVL (collectively "Defendants"), for violations of the Commission's Trade Regulation Rule Concerning the Labeling and Advertising of Home Insulation ("R-value Rule" or "Rule"), 16 C.F.R. Part 460; and (b) a permanent injunction, rescission or reformation of contracts, restitution, refund of moneys paid, disgorgement of ill-gotten gains, and other equitable relief against Defendants for engaging in deceptive acts or practices in connection with the advertising

and sale of both insulation products and chemical additives for use in insulation products, in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

### **JURISDICTION AND VENUE**

2. This Court has jurisdiction over this matter under 28 U.S.C. §§ 1331, 1337(a), 1345, and 1355 and under 15 U.S.C. §§ 53(b) and 57b.

3. Venue in the United States District Court for the Western District of Arkansas is proper under 15 U.S.C. § 53(b) and under 28 U.S.C. §§ 1391(b) and (c) and 1395(a).

### **THE DEFENDANTS**

4. Defendant Working Chemical Solutions, Inc. is a Delaware Corporation. At all times relevant to this Complaint, Defendant Working Chemical Solutions, Inc., also did business as National Calibration and Validation Laboratories. WCS's street address is 1070 Hinson Road, El Dorado, Arkansas 71730, and its mailing address is 1015 North West Avenue # 364, El Dorado, Arkansas 71730. WCS transacts, or has transacted, business in this District.

5. Defendant Robert C. Smith is the President of WCS. At all times relevant to this Complaint, acting individually or in concert with others, Mr. Smith formulated, directed, controlled, had authority to control, or participated in the acts or practices of WCS set forth in this Complaint. Mr. Smith transacts, or has transacted, business in this District.

### **COMMERCE**

6. At all times relevant to this Complaint, the alleged acts and practices of Defendants have been in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

## DEFENDANTS' COURSE OF CONDUCT

7. At all times material herein, Defendant WCS manufactured, distributed, sold, and promoted a chemical additive, called PolyCell Composite 7 ("PolyCell Chemical Additive"). Defendant WCS claimed that applying PolyCell Chemical Additive to cellulose insulation increases the mean R-value of the insulation to at least R-7.1 per inch and to as high as R-8 per inch. R-value is a calculation used to measure resistance to heat flow. 16 C.F.R. § 460.5.

8. From at least September 2007 through February 2008, Defendant WCS sold PolyCell Chemical Additive to Enviromate, LLC for use in Enviromate's cellulose fiber insulation.

9. At all times material herein, Defendants, along with Enviromate, marketed and promoted Enviromate's cellulose insulation with Defendants' PolyCell Chemical Additive ("PolyCell Insulation") as having a mean R-value of at least R-7.1 per inch.

10. Defendants created specification sheets, fact sheets, product labels, sales aids, and other promotional materials (collectively "promotional materials") for PolyCell Insulation to be used by Defendants and Enviromate in the advertising and sale of PolyCell Insulation.

11. From at least September 2007 through February 2008, to induce consumers to purchase PolyCell Insulation, Defendants created, reviewed, approved, disseminated or caused to be disseminated promotional materials that made various claims regarding the thermal performance of PolyCell Insulation, including but not limited to the following:

- (A) "Mean R Value 7.1 per inch of applied material"  
(Exhibit 1 - PolyCell Insulation R-Value Chart).

(B) “Achievable Test Ranges for PolyCELL Composite 7 and Cellulose Fiber Insulation Combination:... Thermal Resistance R-5.9 to 7.5 per inch (ASTM C-518)....”  
(Exhibit 2 - Sales Aid).

(C) “PolyCELL Composite 7-E Product Fact Sheet

| R-Value @ 75° F | As Applied (in.) | Minimum Thickness Settled (in.) |
|-----------------|------------------|---------------------------------|
| 10              | 1.6              | 1.4                             |
| 11              | 1.7              | 1.5                             |
| 12              | 1.9              | 1.7                             |
| 13              | 2.1              | 1.8                             |
| 19              | 3.0              | 2.7                             |
| 20              | 3.2              | 2.8                             |
| 22              | 3.5              | 3.1                             |
| 24              | 3.8              | 3.4                             |
| 28              | 4.4              | 3.9                             |
| 30              | 4.7              | 4.2                             |
| 32              | 5.0              | 4.5                             |
| 35              | 5.3              | 4.9                             |
| 36              | 5.7              | 5.1                             |
| 38              | 6.0              | 5.4                             |
| 40              | 6.3              | 5.6                             |
| 44              | 6.9              | 6.2                             |
| 48              | 7.0              | 6.8                             |
| 50              | 7.9              | 7.0                             |
| 54              | 8.5              | 7.6                             |
| 60              | 9.5              | 8.5                             |

(Exhibit 3 - PolyCell Insulation Product Fact Sheet); (Exhibit 1 - PolyCell Insulation R-Value Chart).

12. To induce consumers to purchase PolyCell Chemical Additive, Defendants created, reviewed, approved, and disseminated promotional materials or caused such materials to be disseminated, which made various claims regarding the thermal performance of cellulose insulation using PolyCell Chemical Additive, including but not limited to, "PolyCell Composite 7 . . . [will] increas[e] measured R values from 3.5 to 8 depending on the application rate and cellulose material used." (Exhibit 4 - PolyCell Chemical Additive Sales Aid). Defendants also made this claim for PolyCell Chemical Additive and PolyCell Insulation on its website, [www.workingchemicalsolutions.com](http://www.workingchemicalsolutions.com).

13. At all times material herein, Defendants operated as a testing lab, as that term is used in Sections 460.3, 460.4, and 460.9 of the R-value Rule (16 C.F.R. §§ 460.3, 460.4, and 460.9), performing R-value tests and other tests on PolyCell Insulation manufactured by Enviromate, and reviewing, approving, and providing information for use in promotional materials for PolyCell Insulation.

14. In or about September 2007, Defendants performed R-value tests on two samples of PolyCell Insulation and recorded R-values of R-6.9 and R-6.5. The tested samples had an average thickness of 1.9991 inches.

15. The SGS U.S. Testing Company Inc. ("SGS") performed R-value tests on PolyCell Insulation in January 2008, at the request of WCS, and in February 2008, at the request of Enviromate. The January 2008 tests indicated an R-value of R-6.8 for a 1.987 inch sample and an R-value of R-6.6 for a 1.991 inch sample. The February 2008 tests indicated an R-value of R-9.5 for a 2.759 inch sample.

16. None of Defendants' tests on PolyCell Insulation yielded a mean R-value of R-7.1 for a one-inch sample or an R-value for a sample of PolyCell Insulation at a representative thickness that equals the R-values indicated on the product label. Similarly, none of Defendants' tests on PolyCell Insulation demonstrated that the R-values per inch of PolyCell Insulation did not drop as the product got thicker.

17. In numerous instances since at least September 2007, in order to induce consumers to purchase PolyCell Insulation, Defendants have created, reviewed, approved, and disseminated promotional materials, such as Exhibit 2, which provide an R-value range for PolyCell Insulation, but failed to state the thickness of insulation required to attain that R-value or to indicate to what degree the R-value, on a per-inch basis, will decrease with increased thickness.

#### **DEFENDANTS' VIOLATIONS OF SECTION 5 OF THE FTC ACT**

18. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits unfair or deceptive acts or practices in or affecting commerce. As set forth below, the Defendants have engaged in such unlawful practices in connection with the marketing and sale of PolyCell Insulation and PolyCell Chemical Additive.

#### **FALSE OR UNSUBSTANTIATED CLAIMS**

##### **Count I**

19. In numerous instances, in connection with the distribution, promotion, or sale of PolyCell Insulation, Defendants have represented, expressly or by implication, that PolyCell Insulation has a mean R-value of at least R-7.1 per inch and that it has the R-values at specific thicknesses identified in Paragraph 11(C), above.

20. The representations set forth in Paragraph 19 are false or were not substantiated at the time the representations were made. Therefore, the making of the representations set forth in Paragraph 19, above, constitutes a deceptive act or practice, in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**Count II**

21. In numerous instances, in connection with the distribution, promotion, or sale of PolyCell Chemical Additive, Defendants have represented, expressly or by implication, that adding PolyCell Chemical Additive to cellulose fiber insulation will increase the mean R-value of a one-inch sample of that insulation to at least R-7.1 and possibly to as high as R-8, as identified in Paragraphs 11-12, above.

22. The representations set forth in Paragraph 21 are false or were not substantiated at the time the representations were made. Therefore, the making of the representations set forth in Paragraph 21, above, constitutes a deceptive act or practice, in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**MEANS AND INSTRUMENTALITIES**

**Count III**

23. Defendants provided the advertising, promotional, and substantiation materials referred to in Paragraphs 11 and 12, above, which contained false and misleading representations, to Enviromate.

24. By providing their trade customer Enviromate with these advertising, promotional, and substantiation materials, Defendants have provided Enviromate with the means and instrumentalities for the commission of deceptive acts or practices. Therefore, Defendants'

provision of such materials, as described in Paragraphs 11, 12, and 23, above, constitutes a deceptive act or practice, in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

### **THE R-VALUE RULE**

25. The R-value Rule was issued by the Commission under Section 18 of the FTC Act, 15 U.S.C. § 57a. The Commission amended the Rule on March 28, 1996, and on May 31, 2005, under Section 18 of the FTC Act, 15 U.S.C. § 57a. These amendments became effective on April 29, 1996, and November 28, 2005, respectively. The Rule specifies substantiation and disclosure requirements for insulation products used in the residential market and prohibits certain claims unless they are true.

26. Section 460.4 of the R-value Rule specifies that the Rule applies “each time you . . . manufacture, distribute, sell . . . promote, or label home insulation,” as well as “each time you prepare, approve, place, or pay for home insulation labels, fact sheets, ads, or other promotional materials for consumer use.” The Rule applies equally to persons or companies that “supply anyone covered by this regulation with written information that is to be used in labels, fact sheets, ads, or other promotional materials for consumer use.” In addition, “[t]esting labs must follow the rules unless the industry [member] tells them, in writing, that labels, fact sheets, ads, or other promotional materials for home insulation will not be based on the test results.”

27. Section 460.5 of the R-value Rule requires that R-values given in labels, fact sheets, advertisements, and other promotional materials be based on tests conducted under the methods listed in the Rule.

28. Under Section 460.6, tests for R-value can be conducted “at the thickness shown” on the label, fact sheet, ad, or other promotional material, or they can be conducted at a “representative thickness,” which is “a thickness at which the R-value per unit will vary no more than plus or minus 2% with increases in thickness.”

29. Rule 460.20 expressly prohibits using the “R-value for one inch or the ‘R-value per inch’” of a product on labels, fact sheets, ads, or other promotional materials, unless “actual test results prove that the R-values per inch of your product [do] not drop as it gets thicker.” Similarly, if you list a range of “R-value per inch,” “you must say exactly how much the R-value drops with greater thickness.”

30. Pursuant to Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the R-value Rule constitutes an unfair or deceptive act or practice in violation of Section 5(a)(1) of the FTC Act, 15 U.S.C. § 45(a)(1).

## **VIOLATIONS OF THE R-VALUE RULE**

### **Count IV**

31. In numerous instances within the past five (5) years, Defendants, in connection with the creation and marketing of promotional materials for PolyCell Insulation, have provided R-values for PolyCell Insulation that were not based on tests at the specified thickness or at a representative thickness, as required by Sections 460.5(a) and 460.6 of the R-value Rule, thereby violating Sections 460.5 and 460.6 of the Rule.

### **Count V**

32. In numerous instances within the past five (5) years, Defendants, in connection with the creation and marketing of promotional materials for PolyCell Insulation, have provided

a purported “R-value per inch” for PolyCell Insulation without possessing actual test results to prove that the R-values per inch do not drop as the product gets thicker and without expressly stating how much the R-value, on a per-inch basis, drops with greater thickness, as required by Section 460.20 of the Rule, thereby violating Section 460.20 of the Rule.

### **CONSUMER INJURY**

33. Consumers throughout the United States have suffered substantial monetary loss as a result of Defendants’ unlawful acts or practices. In addition, Defendants have been unjustly enriched as a result of their unlawful practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

### **THIS COURT’S POWER TO GRANT RELIEF**

34. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and other ancillary relief, including but not limited to rescission of contracts and restitution, and the disgorgement of ill-gotten gains by the Defendants, to prevent and remedy any violations of any provision of law enforced by the FTC.

35. Section 19 of the FTC Act, 15 U.S.C. § 57b, authorizes the Court to award such relief as is necessary to redress the injury to consumers or others resulting from Defendants’ violations of the R-value Rule.

### **PRAYER FOR RELIEF**

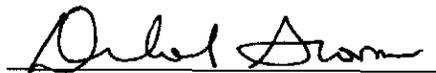
WHEREFORE, Plaintiff requests that this Court, as authorized by Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and pursuant to its own equitable powers:

- (A) Enter a permanent injunction to prevent future violations of the FTC Act and of the R-value Rule;
- (B) Award such relief as the Court finds necessary to redress injury to consumers resulting from the Defendants' violations of the FTC Act and the R-value Rule, including but not limited to, rescission or reformation of contracts, refund of moneys paid, and the disgorgement of ill-gotten gains by the Defendants; and
- (C) Award Plaintiff the costs of bringing this action as well as such other and additional relief as the Court may determine to be just and proper.

Respectfully submitted,

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Federal Trade Commission

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# **Exhibit 1**

**R-VALUE / Mean R Value 7.1 per Inch of applied material Mean Density 2.34**

| LOOSE-FILL APPLICATION COVERAGE |                                 |                           |   |                             |                                |                          |                           |
|---------------------------------|---------------------------------|---------------------------|---|-----------------------------|--------------------------------|--------------------------|---------------------------|
| ATTIC                           |                                 |                           |   |                             |                                |                          |                           |
| R-Value @ 75°F Mean Temperature | Approximate Installed Thickness | Minimum Settled Thickness | Bags Per 1000 Sq.Ft. 2 X 6 inches 16 in. OC | Net coverage Sq.Ft. Per Bag | Bags Per 1000 Sq.Ft. No Joists | Net Coverage Sq.Ft. /Bag | Minimum Weight Per Sq.Ft. |
| 10                              | 1.5                             | 1.4                       | 6.2   | 161.0                       | 6.8                            | 147.0                    | 0.17                      |
| 11                              | 1.6                             | 1.5                       | 6.9   | 144.0                       | 7.5                            | 133.0                    | 0.19                      |
| 12                              | 1.8                             | 1.7                       | 7.5   | 133.0                       | 8.2                            | 121.0                    | 0.20                      |
| 13                              | 2.0                             | 1.8                       | 8.1   | 123.0                       | 8.9                            | 112.0                    | 0.22                      |
| 19                              | 2.9                             | 2.7                       | 11.8  | 85.0                        | 12.9                           | 77.0                     | 0.32                      |
| 20                              | 3.0                             | 2.8                       | 12.5  | 80.0                        | 13.7                           | 72.0                     | 0.34                      |
| 22                              | 3.3                             | 3.1                       | 13.9  | 72.0                        | 16.2                           | 66.0                     | 0.37                      |
| 24                              | 3.6                             | 3.4                       | 14.5  | 69.0                        | 16.0                           | 62.0                     | 0.41                      |
| 28                              | 4.3                             | 4.0                       | 18.0  | 55.0                        | 19.8                           | 50.0                     | 0.48                      |
| 30                              | 4.7                             | 4.3                       | 19.4  | 51.0                        | 21.3                           | 47.0                     | 0.52                      |
| 32                              | 4.9                             | 4.6                       | 20.7  | 48.0                        | 22.7                           | 44.0                     | 0.55                      |
| 35                              | 5.3                             | 5.0                       | 22.9  | 44.0                        | 25.1                           | 40.0                     | 0.60                      |
| 36                              | 5.5                             | 5.1                       | 23.5  | 42.0                        | 25.9                           | 39.0                     | 0.62                      |
| 38                              | 5.8                             | 5.4                       | 24.9  | 40.0                        | 27.4                           | 36.0                     | 0.65                      |
| 40                              | 6.2                             | 5.7                       | 28.3  | 38.0                        | 28.9                           | 34.0                     | 0.68                      |
| 44                              | 6.7                             | 6.2                       | 29.0  | 34.0                        | 31.9                           | 31.0                     | 0.76                      |
| 48                              | 7.4                             | 6.8                       | 31.9  | 31.0                        | 35.0                           | 28.0                     | 0.83                      |
| 49                              | 7.6                             | 7.0                       | 33.6  | 29.0                        | 36.9                           | 27.0                     | 0.85                      |
| 50                              | 7.8                             | 7.1                       | 34.3  | 28.0                        | 37.7                           | 26.0                     | 0.87                      |
| 54                              | 8.0                             | 7.6                       | 36.0  | 27.0                        | 39.6                           | 25.0                     | 0.92                      |
| 60                              | 8.9                             | 8.5                       | 40.0  | 25.0                        | 44.0                           | 23.0                     | 0.103                     |

This product can be used for both loose-fill and stabilized applications.

Contractors Statement

Date: \_\_\_\_\_ Company: \_\_\_\_\_ has installed \_\_\_\_\_ bags of Enviromate, LLC cellulose insulation, covering \_\_\_\_\_ SQ.FT. per bag at R-\_\_\_\_\_, Installed Inches should be no less than \_\_\_\_\_.

000317



## **Exhibit 2**

# PolyCell Composite 7

## Test Control Study of Typical Cellulose Insulation Materials:

Test September 2006 Using E-2 Cellulose Insulation Material Provided by Enviromate Insulation, LLC. ( Moulton Alabama ) Manufacture Date 08/20/07 Composite Formulation of Liquid and Dry Additive Poly Cell Composite 7™ Insulation Additive Test Conducted in Accordance with ASTM C-739-97 by NCVL (Cleveland Ohio). The results shown below are representative of results obtained when using PolyCell Composite 7™ Insulation Additive. Although representative every manufacturer of PolyCell Composite 7™ may have varying results based upon quality of cellulose used, run times, mixtures and application rates in testing. Although representative values appear below ONLY qualified and licensed manufacturers for the use of PolyCell may make the claims of increased R Value with the use of PolyCell Composite 7. All bags containing this product MUST be labeled with the brand name PolyCell Composite 7 clearly printed on the bag of cellulose insulation to make claims that PolyCell Composite 7 is in the working materials. Working Chemical Solutions, Inc and it's affiliates do not warrant claims other than those published by Working Chemical Solutions, Inc. (see our website at [www.workingchemicalsolutions.com](http://www.workingchemicalsolutions.com)) for further information. For a list of manufactures currently licensed to sell or include this or other flame retardants manufactured by Working Chemical Solutions, Inc. please visit our website as listed above.

## Achievable Test Ranges for Poly Cell Composite 7 and Cellulose Fiber Insulation Combination:

Paper Class : Type 8 or 9  
 Formulation: Wet / Dry Volume to Weight proportioned during run  
 Testing Frequency : 30 minute intervals  
 Run Rate: 5 Bags per Minute

Moisture : Less Than 10%  
 Bag Size: 30 pound +/- 2%

|                       |  |
|-----------------------|--|
| Smoldering Combustion | <12%   |
| Flame Spread          | <15  |
| Smoke Development     | <5   |
| Density Measurement   | 1.5lb/cu ft to 2.8lb/cu ft.                    |
| Moisture Absorbition  | <12% under normal relative humidity conditions |
| Fungi Resistance      | Typical / Resistant Per ASTM 739-97            |
| Sound Transfer Class  | >48 STC  |
| Thermal Resistance    | R-5.9 to 7.5 per inch (ASTM C-518)**           |

Working Chemical Solutions

000309



## **Exhibit 3**

FROM :

FAX NO. :

Mar. 18 2008 01:02PM P1

# PolyCELL Composite 7-E

## PRODUCT FACT SHEET

THIS INSULATION IS FOR LOOSE FILL AND STABILIZED APPLICATION

NET COVERAGE - ATTICS

30 LB. BAG - SETTLED DENSITY 2.15 LBS./CU. FT.

| R-Value @ 75°F | As Applied (In.) | Minimum Thickness Settled (In.) | Bags Per 1000 SQRFT ± 8 inches 16 In. OC | Net Coverage SQRFT / Bag | Bags Per 1000 SQRFT ± 8 inches 24 In. OC | Net Coverage SQRFT / Bag | Bags Per 1000 SQRFT No Joists | Net Coverage SQRFT / Bag | Minimum Weight Per Sqr. Ft. |
|----------------|------------------|---------------------------------|--|--------------------------|--|--------------------------|-------------------------------|--------------------------|-----------------------------|
| 10             | 1.6              | 1.4                             | 1.1                                      | 140.9                    | 7.3                                      | 136.3                    | 7.3                           | 127.3                    | 0.33                        |
| 11             | 1.7              | 1.5                             | 1.2                                      | 128.1                    | 8.1                                      | 124.0                    | 8.2                           | 116.2                    | 0.36                        |
| 12             | 1.8              | 1.7                             | 1.3                                      | 117.4                    | 8.8                                      | 112.7                    | 9.4                           | 106.5                    | 0.38                        |
| 13             | 1.9              | 1.8                             | 1.4                                      | 108.4                    | 9.5                                      | 108.0                    | 10.2                          | 98.2                     | 0.41                        |
| 14             | 2.0              | 1.9                             | 1.5                                      | 100.0                    | 10.0                                     | 100.0                    | 10.9                          | 91.7                     | 0.43                        |
| 15             | 2.1              | 2.0                             | 1.6                                      | 92.6                     | 10.7                                     | 92.2                     | 11.6                          | 85.8                     | 0.45                        |
| 16             | 2.2              | 2.1                             | 1.7                                      | 86.0                     | 11.4                                     | 85.5                     | 12.2                          | 80.1                     | 0.47                        |
| 17             | 2.3              | 2.2                             | 1.8                                      | 80.0                     | 12.0                                     | 80.0                     | 12.8                          | 75.0                     | 0.49                        |
| 18             | 2.4              | 2.3                             | 1.9                                      | 74.7                     | 12.6                                     | 74.7                     | 13.4                          | 70.4                     | 0.51                        |
| 19             | 2.5              | 2.4                             | 2.0                                      | 70.0                     | 13.2                                     | 70.0                     | 14.0                          | 66.2                     | 0.53                        |
| 20             | 2.6              | 2.5                             | 2.1                                      | 65.8                     | 13.8                                     | 65.8                     | 14.6                          | 62.2                     | 0.55                        |
| 21             | 2.7              | 2.6                             | 2.2                                      | 62.0                     | 14.3                                     | 62.0                     | 15.2                          | 58.3                     | 0.57                        |
| 22             | 2.8              | 2.7                             | 2.3                                      | 58.6                     | 14.8                                     | 58.6                     | 15.8                          | 54.5                     | 0.59                        |
| 23             | 2.9              | 2.8                             | 2.4                                      | 55.4                     | 15.3                                     | 55.4                     | 16.4                          | 50.8                     | 0.61                        |
| 24             | 3.0              | 2.9                             | 2.5                                      | 52.4                     | 15.8                                     | 52.4                     | 17.0                          | 47.2                     | 0.63                        |
| 25             | 3.1              | 3.0                             | 2.6                                      | 49.6                     | 16.3                                     | 49.6                     | 17.6                          | 43.8                     | 0.65                        |
| 26             | 3.2              | 3.1                             | 2.7                                      | 47.0                     | 16.8                                     | 47.0                     | 18.2                          | 40.5                     | 0.67                        |
| 27             | 3.3              | 3.2                             | 2.8                                      | 44.6                     | 17.3                                     | 44.6                     | 18.8                          | 37.4                     | 0.69                        |
| 28             | 3.4              | 3.3                             | 2.9                                      | 42.4                     | 17.8                                     | 42.4                     | 19.4                          | 34.4                     | 0.71                        |
| 29             | 3.5              | 3.4                             | 3.0                                      | 40.4                     | 18.3                                     | 40.4                     | 20.0                          | 31.6                     | 0.73                        |
| 30             | 3.6              | 3.5                             | 3.1                                      | 38.6                     | 18.8                                     | 38.6                     | 20.6                          | 29.0                     | 0.75                        |
| 31             | 3.7              | 3.6                             | 3.2                                      | 37.0                     | 19.3                                     | 37.0                     | 21.2                          | 26.6                     | 0.77                        |
| 32             | 3.8              | 3.7                             | 3.3                                      | 35.6                     | 19.8                                     | 35.6                     | 21.8                          | 24.3                     | 0.79                        |
| 33             | 3.9              | 3.8                             | 3.4                                      | 34.4                     | 20.3                                     | 34.4                     | 22.4                          | 22.1                     | 0.81                        |
| 34             | 4.0              | 3.9                             | 3.5                                      | 33.4                     | 20.8                                     | 33.4                     | 23.0                          | 20.0                     | 0.83                        |
| 35             | 4.1              | 4.0                             | 3.6                                      | 32.6                     | 21.3                                     | 32.6                     | 23.6                          | 18.0                     | 0.85                        |
| 36             | 4.2              | 4.1                             | 3.7                                      | 31.9                     | 21.8                                     | 31.9                     | 24.2                          | 16.1                     | 0.87                        |
| 37             | 4.3              | 4.2                             | 3.8                                      | 31.4                     | 22.3                                     | 31.4                     | 24.8                          | 14.3                     | 0.89                        |
| 38             | 4.4              | 4.3                             | 3.9                                      | 30.9                     | 22.8                                     | 30.9                     | 25.4                          | 12.6                     | 0.91                        |
| 39             | 4.5              | 4.4                             | 4.0                                      | 30.5                     | 23.3                                     | 30.5                     | 26.0                          | 11.0                     | 0.93                        |
| 40             | 4.6              | 4.5                             | 4.1                                      | 30.2                     | 23.8                                     | 30.2                     | 26.6                          | 9.5                      | 0.95                        |
| 41             | 4.7              | 4.6                             | 4.2                                      | 29.9                     | 24.3                                     | 29.9                     | 27.2                          | 8.1                      | 0.97                        |
| 42             | 4.8              | 4.7                             | 4.3                                      | 29.6                     | 24.8                                     | 29.6                     | 27.8                          | 6.8                      | 0.99                        |
| 43             | 4.9              | 4.8                             | 4.4                                      | 29.4                     | 25.3                                     | 29.4                     | 28.4                          | 5.6                      | 1.01                        |
| 44             | 5.0              | 4.9                             | 4.5                                      | 29.2                     | 25.8                                     | 29.2                     | 29.0                          | 4.5                      | 1.03                        |
| 45             | 5.1              | 5.0                             | 4.6                                      | 29.0                     | 26.3                                     | 29.0                     | 29.6                          | 3.5                      | 1.05                        |
| 46             | 5.2              | 5.1                             | 4.7                                      | 28.8                     | 26.8                                     | 28.8                     | 30.2                          | 2.6                      | 1.07                        |
| 47             | 5.3              | 5.2                             | 4.8                                      | 28.6                     | 27.3                                     | 28.6                     | 30.8                          | 1.8                      | 1.09                        |
| 48             | 5.4              | 5.3                             | 4.9                                      | 28.4                     | 27.8                                     | 28.4                     | 31.4                          | 1.1                      | 1.11                        |
| 49             | 5.5              | 5.4                             | 5.0                                      | 28.2                     | 28.3                                     | 28.2                     | 32.0                          | 0.5                      | 1.13                        |
| 50             | 5.6              | 5.5                             | 5.1                                      | 28.0                     | 28.8                                     | 28.0                     | 32.6                          | 0.0                      | 1.15                        |
| 51             | 5.7              | 5.6                             | 5.2                                      | 27.8                     | 29.3                                     | 27.8                     | 33.2                          | -0.5                     | 1.17                        |
| 52             | 5.8              | 5.7                             | 5.3                                      | 27.6                     | 29.8                                     | 27.6                     | 33.8                          | -1.0                     | 1.19                        |
| 53             | 5.9              | 5.8                             | 5.4                                      | 27.4                     | 30.3                                     | 27.4                     | 34.4                          | -1.5                     | 1.21                        |
| 54             | 6.0              | 5.9                             | 5.5                                      | 27.2                     | 30.8                                     | 27.2                     | 35.0                          | -2.0                     | 1.23                        |
| 55             | 6.1              | 6.0                             | 5.6                                      | 27.0                     | 31.3                                     | 27.0                     | 35.6                          | -2.5                     | 1.25                        |
| 56             | 6.2              | 6.1                             | 5.7                                      | 26.8                     | 31.8                                     | 26.8                     | 36.2                          | -3.0                     | 1.27                        |
| 57             | 6.3              | 6.2                             | 5.8                                      | 26.6                     | 32.3                                     | 26.6                     | 36.8                          | -3.5                     | 1.29                        |
| 58             | 6.4              | 6.3                             | 5.9                                      | 26.4                     | 32.8                                     | 26.4                     | 37.4                          | -4.0                     | 1.31                        |
| 59             | 6.5              | 6.4                             | 6.0                                      | 26.2                     | 33.3                                     | 26.2                     | 38.0                          | -4.5                     | 1.33                        |
| 60             | 6.6              | 6.5                             | 6.1                                      | 26.0                     | 33.8                                     | 26.0                     | 38.6                          | -5.0                     | 1.35                        |

This coverage chart is based on settled thickness and is for estimating purposes only. Do not exceed maximum square foot coverage per bag. Actual coverage will be influenced by job conditions and application techniques and may vary as much as 10% without significantly affecting the stated R-Value. Failure of the installer to provide at least the required number of bags per 1,000 square feet and at least the minimum thickness may result in a lower installed R-Value. Compaction may occur with installations above R-30, requiring more than the stated number of bags to obtain the minimum insulation thickness.

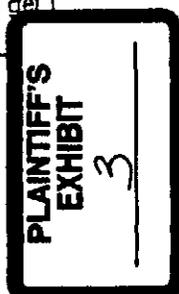
### READ BEFORE YOU BUY

#### WHAT YOU SHOULD KNOW ABOUT R-VALUES:

This chart shows the R-Value of this insulation R means resistance to heat flow. The higher the R-Value, the greater the insulating power. Compare insulation R-Values before you buy. There are other factors to consider. The amount of insulation you need depends mainly on the climate you live in. Also, your fuel savings will depend upon the climate, the type and size of your house, the amount of insulation already in your house, your fuel use patterns and family size. If you buy too much insulation, it will cost you more than what you save on fuel. To get the marked R-Value, it is essential that cellulose insulation be installed properly.

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## **Exhibit 4**

# PolyCell Composite 7

## Insulation Additive for Cellulose

**PolyCell Composite 7™** is the latest release from Working Chemical Solutions, Inc. for the increase of flame retardancy and decrease of thermal transfer in cellulose fiber insulation. The product is designed to be applied at the manufacturing level through a combined wet/dry or 100% liquid formulation.

**PolyCell Composite 7™** when applied properly will enhance the flame retardancy of cellulose materials by as much as 25% over normal dry flame retardant chemical addition, while increasing measured R values from 3.5 to 8 depending on the application rate and cellulose material used.

**PolyCell Composite 7™** is a borate based flame retardant and composite chemistry which decreases the ability for an ammonia to move through cellulose materials while maintaining or slightly increasing the density of the insulation.

There is no need for starch or other gum additives used to stabilize the product in the field as the new composite material will increase the attraction of the cellulose fibers for each other and will assist in binding the materials in a manner which allows them to fully or partially fill a cavity without falling away due to environmental vibration. **PolyCell Composite 7™** when applied properly in the field will fix and fill edges where studs or other construction materials join and will dry to a stabilized product adhering to these surfaces.

The chemistry of **Poly Cell Composite 7™** uses NO AMMONIA in its formulation which ensures the applicator that the release of ammonia gas ( due to pH conditions of wall spray ) will not occur when **PolyCell Composite 7™** is used. Cellulose materials using the product will demonstrate a 20% decrease in drying time over conventional wet applied cellulose materials.

**PolyCell Composite 7™** has natural bio-stat properties and will inhibit the growth of mold and fungus ( see additional USEPA Mildew Stat Information Document 0711PC7-002) on cellulose materials when applied properly. Coupled to its drying capabilities, cellulose materials manufactured with **PolyCell Composite 7™** will allow for less time between cavity fill and final wall closure with sheet rock.

**PolyCell Composite 7™** chemistry penetrates the cellulose fiber as well as the matrix, thus will be incorporated during manufacturing of cellulose insulation. Becoming part of the cellulose fiber, the flame retardant and the maltransmission inhibitor move with the cellulose and does not vibrate off of the surface when the final product is exposed to areas of high vibration and settling over time.

**PolyCell Composite 7™** has been tested in conjunction with Cellulose Fiber Insulation Materials in accordance with ASTM requirements for cellulose insulation materials and meets or exceeds those criteria required for use in commercial and residential construction. ( See document 0711PC7-003) The product is safe to use in conjunction with normal construction materials and is non corrosive to copper and steel.