

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

In the Matter of

KRYTON COATINGS INTERNATIONAL, INC. and
PROCRAFT, INC., corporations.

DOCKET NO. C-4052

COMPLAINT

The Federal Trade Commission, having reason to believe that Procraft, Inc. and Kryton Coatings International, Inc., corporations, ("respondents") have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1a. Respondent Kryton Coatings International, Inc. is a Tennessee corporation with its principal office or place of business at 1701 Louisville Drive, Suite C, Knoxville, Tennessee 37921.

1b. Respondent Procraft, Inc. is a Tennessee corporation with its principal office or place of business at 1701 Louisville Drive, Suite C, Knoxville, Tennessee 37921.

2. Respondents cooperated and acted together in carrying out acts and practices hereinafter set forth.

3. Respondents have advertised, offered for sale, sold, and distributed a residential coating product known as Multi-Gard to the public under the trade names Liquid Siding, Liquid Vinyl, and Multi-Gard R-20 ("Multi-Gard").

4. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

5. Respondents have disseminated or have caused to be disseminated advertisements for Multi-Gard, including but not necessarily limited to the attached Exhibits A through E. These advertisements contain the following statements:

a. This specialized, permanent coating employs a thin layer of super insulating ceramic microspheres, which dry to the thickness of a credit card and provide insulation equal to seven inches of fiberglass batting (R-20).

[Exhibit A (Procraft and Kryton print ad)]

b. Liquid Siding is guaranteed to cut utility bills up to 40 percent.

[Exhibit A]

c. The space shuttle uses this same ultra-thin ceramic technology in protecting its vulnerable under-belly from the 200-degrees-below-zero cold of outer space to the more than 2,000-degree heat of re-entry into the Earth's atmosphere.

[Exhibit A]

d. *It Cuts Energy Loss by up to 40%*

Using space-age NASA technology, Multi-Gard R-20® employs a thin layer of super insulating "Ceramic Microspheres" which dry to the thickness of a credit card, providing insulation equal to 7 inches of fiber glass batting.

[Exhibit B (Kryton Internet ad)]

e. The space shuttle uses similiar [sic] ultra-thin ceramic technology in protecting it's [sic] vulnerable under belly from the 200 degrees below zero COLD of outer space to the more than 2000 degrees HEAT of re-entry into Earth's atmosphere. MultiGard R-20® is as effective a solution on Earth as it is in space.

[Exhibit B]

f. It adds R-20 to the exterior wall reducing energy costs up to 40%!

[Exhibit C (Procraft brochure)]

g. NASA Technology at work for you Today!!

[Exhibit C]

h. Microscopic in size, Ceramic Microspheres [graphic of tightly packed layers of spheres] .. align [sic] to form an impenetrable Thermal-barrier.

[Exhibit C]

i. Customer 2: I want to reduce my utilities up to 40% with liquid siding.. Where do I find it?
PB: You gotta call Pro craft!

* * *

Intercom: Yes, you can save up to 40% on your utilities

[Exhibit D (Procraft television ad script)]

j. It cuts utility bills up to 40%

[Exhibit E (Procraft radio ad script)]

6. Through the means described in Paragraph 5, respondents have represented, expressly or by implication, that Multi-Gard:

- a. provides insulation equivalent to seven inches of fiberglass batting;
- b. provides an insulation value of R-20;
- c. reduces energy loss, energy costs or utility bills by up to 40%; and
- d. performs the same insulation function as the ultra-thin ceramic technology on the space shuttle.

7. Through the means described in Paragraph 5, respondents have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 6, at the time the representations were made.

8. In truth and in fact, although the use of Multi-Gard and caulking may seal air leaks and cracks in buildings and, as a result, may reduce energy costs in some cases, respondents did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 6, at the time the representations were made. Therefore, the representation set forth in Paragraph 7 was, and is, false or misleading.

9. The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices, in or affecting commerce, in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this fourteenth day of June, 2002, has issued this complaint against respondents.

By the Commission.

Donald S. Clark
Secretary

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