

FTC Gets Court Order Requiring Individual to Pay \$350,000 For Making Deceptive and Unsubstantiated Claims under R-Value Rule

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A federal court has ordered [Edward Sumpolec](#), a home insulation marketer d/b/a ThermalKool, ThermalCool, and Energy Conservation Specialists, to pay a \$350,000 civil penalty for making deceptive and unsubstantiated claims about his products' insulation capabilities. The \$350,000 figure is the largest civil penalty awarded in a home insulation case and, on the Federal Trade Commission's behalf, the U.S. Department of Justice won the order on the merits of the case without a trial. The case is especially notable because the court held Sumpolec individually liable and provided some insight for the calculation of civil penalty amounts, stating:

The amount of \$350,000 is reasonable in light of the Defendant's misconduct. It amounts to less than a \$500.00 per day penalty. Additionally, evidence before the Court indicates that Defendant has assets valued in excess of \$350,000.

In addition to imposing a \$350,000 civil penalty against Sumpolec, the court order permanently prohibits him from (a) making a claim about a product's insulation value or energy savings unless it is true, not misleading, and based on competent and reliable scientific evidence, (b) failing to rely on proper tests and substantiation to support certain specific insulation claims, and (c) failing to make other necessary disclosures in marketing for insulation products.

Similar to [POM Wonderful LLC](#), this action indicates the FTC's intent to pursue individual liability for company officers believed to play an integral role in the development of false or misleading marketing campaigns.