Ross Sklar

CEO of SEI Chemical, Northridge, Calif.

Ross Sklar
CEO, SEI Chemical

*HousingZone.com talks with **Ross Sklar,** president and CEO of SEI Chemical, a specialty chemical formulator and manufacturer headquartered in Northridge, Calif. SEI manufacturers environmentally friendly paint additives, building restoration products and construction chemicals that treat various operational and infrastructure problems, including the remediation and prevention of mold. Sklar has a background in chemistry and more than a decade of experience in the development and manufacturing of these types of products.*

Links:

- Indoor Environmental Standards Association
- Indoor Environmental Institute
- Indoor Air Quality Association
- Installation Masters
- Insurance Information Institute

HZ: What key things have builders learned, or perhaps still need to learn, about reducing their risk of generating mold and decreasing their liability risk?

Sklar: The biggest problem builders are obviously having today is this issue of microbiological life. It's something that's not new. Mold has been here since Adam and Eve. The problem is, when you do get tremendous buildup of microbiological life in cavities where ventilation is poor, toxicity can be a major problem. It depends on the strands of mold that we're dealing with in general. If you have areas in buildings where ventilation is poor and air movement is poor, [because] mold is airborne, airborne spores and infection can be very thorough and move throughout the entire structure. Builders are basically starting to understand that, obviously, it's a major problem.

What do they do about it? I think most builders sort of have their hands in the air. The smaller builders especially are very scared, because their necks are on the line. The insurance providers have realized that this is a major issue – everyone's calling it the next asbestos. Farmers Insurance was ordered to pay somewhere in the neighborhood of $30 or 40 million on just one case, a class-action suit [a Texas plaintiff won a $32 million judgment against Farmers Insurance in Texas for an allegedly mishandled mold claim in June 2001. The award was eventually slashed to $4 million]. So everybody's been slapped on the wrist really, really hard.

People have survived with mold for thousands of years. At the end of the day, if problems aren't taken care of, and it gets to the point where areas are very saturated, obviously people get sick. So I think that the whole building and construction industry is really looking for solutions. And if they can tap into existing technologies that are commercially viable in the marketplace either as an end-user product, or if these products can be applied to existing building materials and can create surfaces that are mold-resistant or mold-proof, for all intents and purposes these are things that, just for piece of mind, builders are starting to do.

Think about it. A guy goes and builds a home, and he gets dimensioned lumber, and he frames the home first. And that frame is sitting in the environment anywhere from three weeks to a couple of months. If he's building in an environment like California in the last month, he's under water. These are all organic building materials, and mold is well under way, and they don't do anything about it. [It takes] six months or so for the house to be built.

Today's construction methods [dictate] that they build homes very, very tight. And that ends up being basically

a great spot for incubation. They put that sort of Tyvex wrap around the house, which seals it in. And you've got moisture on the inside. California is going to get hot here in a couple of weeks – perfect surroundings for mold growth.

Also, the insurance providers have to realize that there's sort of this line that's drawn in the sand where you've got policy creation and, on the other side of the fence, technology creation. When policy can recognize that technology has made strides, and is for all intents and purposes justified as proven technology when you can marry the technology with policy, then that's when citizens, that's when the builders, the contractors, as well as the providers can truly reap the benefits. Then you start to offer products that are based on technology and use technology for the good.

HZ: As you know, the mold liability issue for builders has led to the proliferation of companies claiming the ability to remediate the issue. In general terms, what elements are involved in the genuine prevention and remediation of mold?

SKLAR: That's a good question, and what seems to happen whether it's the Internet boom, or the asbestos crisis, or whether it's mold [there's] a time where opportunity is running rampant. And you're going to get some great technology that's going to come to the table, and you're also going to get a lot of entities that come to the table that have tremendous claims that they can do certain things and are really not qualified to be playing in this kind of arena. You have to be careful, because what you're dealing with are products that need to be EPA registered because of their inherent characteristics. Some of them are listed on Proposition 65 for California to cause cancer. And you've got entities out there that are throwing chemicals at problems and [they] don't really know what's going on. It can be a really dangerous scenario.

Having said that, I would say that what's interesting is that there are air sampling companies and remediation companies that deal with floods and natural disasters, and they've been around for a very long time. And a lot of these companies, just due to their experience, know what they are doing and are very qualified to go in and remediate a situation. They go in there and they seal off the area, evacuate the whole entire area. They wear respirators. They've got the equipment.

But traditional solutions have been to go in and remove the affected building materials or whatever you're trying to remediate. Go in there, cut it out and then put some new stuff in there. And that's a fine method of remediation. But if you take a step back and you look at the construction of a house and what I was speaking about prior, in regards to how they construct houses and the dimensional lumber is sitting out there in the rain and the mold is deep within the skeleton of the house, and all of a sudden you've got mold in your drywall, on the inside of your drywall. They call it remediation, they cut it out, they put some new stuff in there and they think the problem is solved, where really the issue of mold hasn't been confronted. It's really a Band-Aid issue.

Are these guys qualified to come in and do what they do? Yes. I would say by and large yes. So you sort of have the physical remediation side that's been around for a while. They do what they do, and if you want them to come in and remove something and clean out a scenario, they work with insurers all the time for flood [incidents], etc. Those companies can come and do what they do.

If you look at the other side at technology providers, or consumer product providers and industrial product providers – this is where we've seen the real influx the last five or ten years of entities coming forward and claiming certain characteristics. It's a buyer beware world out there. And it's because the whole mold issue over the last five years has really brought it to the forefront of social consciousness. At this point in the ball game it's a real buyer beware. And that can be kind of scary. So we encourage, especially all of our clients that we work with, that they know exactly what they're getting into.

The description of technology has to be the point where it's accepted not just by industry but by government. There has to be extensive periods for testing. People really have to be led by the hand. And the way it should be going, certainly in the next decade, is there will be some sort of reform by the insurance providers. You would think there has to be some theory or brainchild that steps forward and has the ability to kind of consolidate this industry.

I don't think that every Tom, Dick and Harry should be able to sell a product designed to prevent mold unless it's gone through specific, stringent rules that say this product can do what it can do. And that goes beyond the EPA. [In order to get something registered with the EPA], it has to be safe on a variety of different levels, but the efficacy still comes into question. I can get something submitted to the EPA and manage my claims of what we claim it to do and get that passed. And then as long as there's a certain amount of health [safety requirements] that we can pass, we can get it registered with the EPA. But it really doesn't confront the issue of efficacy, and how well this product is going to work, and what it's going to do, and how long it's going to do what it says it going to do. These are the underlying issues when you're dealing with technology in solving a

problem.

HZ: So someone might have the background, experience in removing mold in a particular spot, but once the mold has been in that environment, it can easily return.

Sklar: Of course. You only need three things for microbiological life to exist, and that's a food source, water and oxygen. So if I put drywall in there, that's a food source. And if it becomes totally saturated and totally infected with mold and it gets ripped out and removed, and I put another one in there, I haven't changed the environment. I haven't solved the problem. I'm just giving it more food.

HZ: What are the challenges in coming up with mold remediation and prevention methods that are environmentally sound?

I would say that there are a lot of challenges. The easy way out is to use products that are typically used to kill mold or kill microbiological life. You can use solvent-based products [they are not classified] as pesticides or anti-microbiological. Mold in your bathroom: you go in and you use bleach [and] it will kill it. [But] using bleach is a very dangerous thing to do. Number one, it's horrible for the environment. The toxicity is out of hand. It's flushed down our drains all the time. It's just a very environmentally destructive product to use. And not only that, if you were to use bleach, and somehow it got combined with ammonia, like a Windex kind of thing bleach and ammonia form a very dangerous gas. I believe it's called mustard gas. [There have] been actual cases of janitors in schools, where they've dumped this whole pail of bleach in the toilet that has ammonia, and they get these burns. It's a scary thing.

So when you're dealing with harsh chemicals ammonias and bleaches and waters, it's a recipe for disaster on a personal level - on a physical level - not to mention on an environmental level. Environmental characteristics are key, because at the end of the day, we're trying to solve a problem – a potentially toxic mold problem, that's affecting your respiratory [system], that's effecting your environment. The effects can [range] from nausea to nose bleeds to respiratory problems. And you're solving it with potential solutions that are just as hazardous. So it's a double-edged sword.

The need for environmental technology is ever-increasing on a day-to-day basis, and the ability to create environmental technology is one that's not easy. Never is. It takes a tremendous amount of research and development. The advance of water-based technologies [and] environmental products, especially in our business, has been incredible over the last ten years.

HZ: Are products generally warranted?

Sklar: It's a fairly straightforward answer. Warranties are really dangerous. They're dangerous for the consumer. They're dangerous for the manufacturers. And they're dangerous for the insurance providers. When the legal system sees warranties, they salivate, because they can be penetrated.

What do they warrant? They have to be very specific. If you're walking down the aisle of a hardware store and you see a product and it's got a stamp on it that says, "Ten-Year Warranty," what does it really warranty? You've really got to tackle the fine print. The whole world of warranties is one that somehow instills confidence into the buyer. But at the end of the day, what does it really warrant? How well can that be proven, and what happens if there's a major problem? What have they committed to doing? I mean, it's a whole ball of wax. And so they're really not much I can say about them.

HZ: So in most cases someone from your company goes out personally and takes care of warranty work?

Sklar: Well, you don't have to necessarily need to make a site visit for every Tom, Dick, Harry and Joe. I mean, essentially what we'll do is we'll orchestrate it. So at the end of the day, if something needs to be torn out or whatever, you've subcontracted it out to a local remediator. He goes in there and pulls it out and you supply new product.

HZ: So a certain degree of expertise is required?

Sklar: With application of the products, for some products, like for food processing plants, you need a certified applicator for that. You need somebody that is very well experienced in applying industrial strength coating, that knows how to prepare the surface properly and is a professional in the business of applying industrial coatings. That's on the heavy, industrial side.

On the residential building side, the whole key to commercially viable products in our eyes is a product that has the type of application procedures that someone that would be considered to be a "do-it-yourselfer" could handle. It's not a commercially viable product if you can't apply it. So what's beautiful about developing an

environmentally sensitive technology is that these products are inherently very friendly to work with. You get water-based products; you get products that don't need to go through aero sprayers. You get to the point where it's the same as – just to be general about it – painting your house. You take a look at the part data sheet that says you should be spraying at a rate of about 600 square feet per gallon, and you make sure you're sort of on target for your square footage, and you go ahead and you spray.

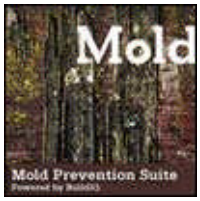
HZ: It's great to have products that can alleviate some of the issues with mold, but will these products work if builders aren't doing their part in the construction process, and in the treatment and installation of materials?

Sklar: You just hit the nail on the head. This is the challenge that everybody has. When you're dealing with a problem that's [been] in the social consciousness for, what, five years now, it's about educating the builders. It's a difficult thing to do, because contractors need to be able to purchase their materials, build great products and go out and get business. And the contractor business is a tight margin business and very competitive. They're concentrating on their business like everybody else concentrates on their business. Educating these guys is a difficult thing for companies like myself. It's very difficult to bridge that gap. It's a marketing issue on our side; however they're feeling the stress from their side. They're on the Internet and they're in trade magazines trying to figure out ways that can help them solve this problem.

HZ: Mold is something that "all of a sudden" in the last few years has been a problem for builders. Has there been some decrease in construction expertise over the last few years, or some environmental change to account for this?

Sklar: No, actually I think there was an increase in technology. Like I said, mold has been around since the dawn of time. It's in your house. It's in my house. It's everywhere. It may be at peak levels; it may not be. But it is something that is always a part of every environment. And I think that as time went on, and especially in the mid to late '90s, the medical industry was finally able to diagnose, in regards to asthma and respiratory [ailments], and be able to look at things at a micro level that I don't think had ever been looked at before.

For instance, stachybotrys is a toxic mold, and once spores of that nature were found and embedded themselves in people's lungs, using lungs as a host, I think that there was a little bit of a trickle down effect, and this thing has exploded. Once the lawyers see it, forget about it. You get one case, a class action suit. Tens of thousands of homes are experiencing water damage each year. One person sees on television that this guy had a mold problem, all of a sudden lawyers slap a class action [suit] on Farmers [Insurance] for 700 homes or whatever. It can take down an insurance company.



This five course suite will teach you the fundamentals of mold prevention, and will examine every major stage of the home building process. From foundations to roofs, this suite provides you with best practices to build consistent, higher quality homes.

LEARN ABOUT Mold Prevention Suite