

Item 4.02, Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review

On November 20, 2009, Kim Thompson, President and Chief Executive Officer of Kraig Biocraft Laboratories, Inc.,(the “Company”), concluded that the previously issued financial statements for the period ended June 30, 2009 should no longer be relied upon because the Company did not account for a derivative liability associated with the CEO’s employment agreement. Specifically, the employment agreement gives the CEO the option to convert his past due salary into shares of common stock at a variable rate based on the fair value of the stock. The effect on the financial statements was an increase in liabilities and net loss of \$3,572,747. The Company’s independent auditor, Webb & Company, P.A. (“Webb”), was informed of the matters disclosed above.

The above mentioned financials should no longer be relied upon because the Company did not properly account for derivative liability associated with Mr. Thompson for his accrued salary.

ITEM 9.01. Financial Statements and Exhibits.

(a) Financial statements of business acquired:

None

(d) Exhibits

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**KRAIG BIOCRAFT
LABORATORIES, INC.**

Date: November 23, 2009

By: /s/ Kim Thompson

Kim Thompson
Chief Executive Officer