

MINUTES
EXECUTIVE COMMITTEE MEETING
National Paint, Varnish & Lacquer Association, Inc.
Association Headquarters
1500 Rhode Island Ave., N. W., Washington, D.C.
April 30, 1940
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A regular meeting of the Executive Committee of the National Paint, Varnish and Lacquer Association, Inc. convened at 9:30 A.M., Tuesday, April 30, 1940 in the new Association Headquarters, 1500 Rhode Island Avenue, N. W., Washington, D. C. with the following in attendance:

T. J. CAMPBELL
E. A. FOY, JR.
M. L. HAVEY
S. R. MATLACK
L. P. MOORE
E. E. MORTON

E. S. PHILLIPS
J. V. REASON
WILLIAM RICHTER
CHARLES J. ROH
C. N. SEIDLITZ
A. W. STEUDEL

F. L. SULZBERGER
ERNEST T. TRIGG
H. E. WEBSTER
H. S. WEBERST
VAL WURTMER

Guests

E. D. GRIFFIN
GEORGE JENKIN

delANCEY KOUNTZE
H. A. MELUM

H. D. BRITPULSEY
WILLIAM FINTL

Association Staff

H. A. GARDNER

M. Q. MACDONALD

REUEL F. ELLON

Absent

D. W. FICGIS
HOWARD FELLOGG

W. I. LONGSWORTH
BENJAMIN PATTERSON, JR.

Call to Order

The meeting was called to order at 9:30 A.M. by the Chairman, Mr. Charles J. Roh, with a word of welcome to the guests.

Minutes of Last Meeting

The Chairman stated that the minutes of the preceding meeting had been mailed to all members of the committee, and that the agenda of this meeting would take care of any unfinished business carried over from the past meeting. It was moved by Mr. Melum, seconded by Mr. Webster, that the minutes of the meeting of the Executive Committee of January 9, 1940 be approved without reading. Motion carried.

Headquarters Building

Chairman Roh reviewed briefly the history of the Washington Headquarters situation, pointing out that approximately 600 representatives of the industry had contributed approximately \$160,000 with which the former Association Headquarters at 2201 New

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York Avenue, N. W., Washington, D. C., was purchased and remodeled and dedicated as the Norris B. Gregg Memorial in 1929. Mr. Roh referred to the bronze plaque in the entrance hall of the present headquarters building on which appears the names of all of those who contributed to the original headquarters fund. He stated that this plaque is symbolic of the principle on which the association is founded, namely, "All for one and one for all". He stated that the fact we had to dispose of our former building to the Federal Government was just an incident in the history of the association, and he expressed the opinion that the move to our present headquarters would be beneficial to the association and to the industry.

President Trigg, in reviewing the history of the new headquarters building, stated that the building was built in 1838, the same year in which some forward looking men in the paint industry gathered in Saratoga Springs, New York, to launch our present association. He stated that the building was originally built by Gardiner Green Hubbard, founder of the National Geographic Society as a present to his daughter who married Alexander Graham Bell. The Bells sold the building to Levi P. Morton - financier - Ambassador to France - Vice President under Benjamin Harrison. Subsequent to Vice President Morton's term of office, the building was leased to the Russian Government as an embassy - to Elihu Root, Secretary of State as a residence - to John Hays Hammond - and to the Secretary of the Treasury, Ogden Mills. President Trigg expressed the opinion that the building presents a perfect setting for the headquarters of an industry representing color and beauty.

Report of Budget and Finance Committee

Mr. Matlack stated that the Budget and Finance Committee met at breakfast on this same date, made a careful review of income and expenses as well as a review of the finances involved in the transfer of headquarters from 2201 New York Avenue to 1500 Rhode Island Avenue.

Report of Treasurer

The Treasurer, Mr. S. R. Matlack, reviewed the comparative balance sheet as of March 31, 1940 and 1939, and the statement of income and expense for the period October 1st to March 31, 1940 and 1939 (copy attached) and pointed out that the financial situation is about the same as it was at this period last year - that expenses exceed income slightly, due to the fact that this is the heavy period of the year on promotion campaign expenses and stated that income for the current year may be slightly under the amount previously estimated notwithstanding the fact that the association management estimated a 7% increase in income as against a 12% increase in sales for the year. All schedules of budget and expense were reviewed, and it was pointed out that all departments of the association kept their expenses within the budget.

It was moved by Mr. Sulzberger, seconded by Mr. Phillips, that the report of the Treasurer be received and filed. Motion carried.

Headquarters Building Situation

President Trigg read a copy of a communication he had addressed to Mr. Charles J. Roh as Chairman of the Executive Committee, reviewing the finances involved in the sale of the property at 2201 New York Avenue to the Federal Government, and in the purchase and remodeling of the property at 1500 Rhode Island Avenue (copy attached).

He stated that this situation had been reviewed by the Budget and Finance Committee at its meeting this morning, and that the committee had approved of the recommendations contained in the communication.

It was moved by Mr. Campbell, seconded by Mr. Matlack, that the appraisals of property and equipment as recommended in the communication just presented be made. Motion carried.

President Trigg called attention to the fact that when this Executive Committee appointed a special committee to handle the purchase and remodeling of the new headquarters, the committee was limited in its authority to incur expenses to the amount received from the property at 2201 New York Avenue. He stated that when the present headquarters property is completed, there will be a balance left from the amount received for the former property.

Report of Scientific Section Committee

Mr. Sulzberger stated that the committee had held no formal meeting since the last meeting of this Executive Committee, but stated that there had been considerable correspondence between members of the committee regarding the work of the committee. He stated that about four weeks ago Dr. Thomas Jones of Fisk University had called at his office and discussed work being done by Dr. Brady at Fisk University to develop the castor oil bean as a new crop for the south. Since that time the Scientific Section and Dr. Brady have been working together and he expressed the belief that the industry would benefit from further activity along this line.

Report of Scientific Section

Dr. Gardner stated that as a result of the moving of headquarters the Scientific Section had been unable to carry on quite as much work as usual, but that the laboratories are now well organized, and should be able to make more progress. He stated that the following circulars have been issued since the first of this year:

- Circular 589 Mildew-Proofing of Red and Other Dark Colors
- 590 Coatings for Douglas Fir Plywood
- 591 Progress Report on Locomotive Finishes
- 592 Resistance of Coatings to Penetration of Water through Concrete
- 593 Preparation of Films of Uniform Thickness
- 594 Necessity of Painting Cement-Asbestos Siding
- 595 Some Oils for Oleoresinous Varnish
- 596 Perilla and Chia Plantings in 1939
- 597 Studies on Permeability of House Paints
- 598 A New Type Washability Apparatus
- 599 Progress Report on Brushability

Abstract Review No. 61

Dr. Gardner stated that the Scientific Section was continuing its contacts with the Federal Housing Administration in an effort to bring about an adjustment of certain items in connection with F.H.A. requirements for two-coat paint systems. He referred to a recent meeting at Association Headquarters of a committee of technical men representing large, medium and small manufacturers of paint to study the question of

value, exposure tests, and pigment volume. As soon as this work is accomplished a meeting of the technical men referred to above will be called to make a study of the results.

In commenting upon the increasing practice of formula labeling, Dr. Gardner stated that out of the 54 brands of paint used in the above tests, 77% are being formula labeled, including formulas printed on the labels or on separate stickers applied to the can. The formulas are actually printed on the labels as a part thereof in 61% of the brands examined, indicating an encouraging trend in the growing practice of formula labeling. Extensive work will be done on the measurement of the thickness of films produced by paints, either in two-coat or three-coat work, when applied as required by the thinning directions, or when applied without reduction, and also in connection with a study of penetration rates on various species of lumber, recent work having indicated as much as 33% of film thickness of the primer is absorbed by certain wood. Dr. Gardner expressed the opinion that this house paint investigation is of real importance to the industry.

Dr. Gardner reported on a trip made by Mr. Scofield of the Scientific Section for the purpose of checking experimental plantings in the south. He stated that a new lot of perilla seed had been obtained from Manchuria, which will be used in rather extensive planting work this spring and summer. He referred to the encouragement given to the agriculturists by the Scientific Section in stimulating plantings of flaxseed in various states other than in the northwest, in stimulating the planting of castor beans, perilla, and other drying oil plants, and told of his presentation of a lecture on the drying oil situation, before 3000 chemists of the American Chemical Society in Cincinnati, Ohio, the theme being to encourage research workers and laboratories throughout the country in developing synthetic drying oils that could be used by our industry.

Dr. Gardner referred to a pamphlet entitled "Selecting and Applying Paints," issued in July 1939 by the Extension Service of the Iowa State College of Agriculture, and stated that this had been given wide dissemination by the Iowa Extension Service, especially through lumber associations. Several objections to the bulletin have been received from members of the association due to the fact that the subject was presented almost entirely from the white lead viewpoint. Such mention as there was of prepared paints was not very flattering. He stated he would contact the author of the bulletin and attempt to have high grade prepared paints given proper consideration in any reissue of this bulletin. He further stated that he had just received a letter stating that the Extension Service referred to above was now contemplating booklets on exterior and interior painting, to be issued some time late this fall, and that the author had suggested that he would like to see progress made in the grade-marking of paints, so that the buying public would have adequate protection, since the county and state farm bureaus are effecting strong demands in that direction.

Dr. Gardner referred to his work with Dr. Brady of Fisk University - a colored university - and stated that Dr. Brady is a noted chemist making special studies in connection with the development of castor oil. He stated that Dr. Brady has derived an alcohol substitute from the castor bean, and he expressed the opinion that it would be very beneficial if all chemical laboratories in the United States were working on the development of synthetic drying oils.

Mr. Havey referred to a booklet issued by the Extension Service of the Iowa State College of Agriculture and Mechanical Arts at Ames, Iowa entitled "Selecting and Applying Paint." He stated that the booklet indicated that if you paint with white

lead the work will be O.K. but left the impression that painting with ready mixed paints was a questionable procedure. He stated that this booklet just indicates what is going on throughout the country in the line of clever propaganda, by the Lead Industries Association, and stated that he believed the time had come when a group of ready mixed paint manufacturers should plan to conduct an aggressive campaign against this type of propaganda.

Dr. Gardner stated that the booklet had been brought to his attention by several members of the industry who had complained regarding the fact that it featured white lead, and that it tended to give the impression that all prepared paints are of an inferior quality. He stated that he had gotten in touch with the author of the pamphlet, Mr. Van Black, and that he was endeavoring to arrange for a conference with Mr. Van Black in an effort to have a reissue of the pamphlet brought up to date with regard to mixed paints, and he expressed the hope that it may be possible to have the pamphlet revised in its next edition so that high grade prepared paints will be given a fair presentation. Dr. Gardner stated that Mr. Van Black is planning to get out some pamphlets on the subject of "Grading Paints", and stated that he would endeavor to arrange to have Mr. Van Black visit Association Headquarters, at which time an effort will be made to have some influence on the material to appear in his publication. He stated he was being guided by Mr. Trigg in this matter. Mr. Havey expressed the opinion that it would be much more effective if the industry could arrange to have some one in close contact with Mr. Van Black in an effort to educate him with regard to the value of mixed paints.

Mr. Roh expressed the opinion that the need to protect the mixed paint industry was growing and had become a serious problem. Dr. Gardner stated that in his opinion this anti-mixed paint propaganda is developing into a dangerous situation and deserves careful attention. He stated that the United States Department of Agriculture is planning to get out a new issue of their pamphlet "The Painting of the Farm", and that the Scientific Section is in contact with the Department in an effort to have the material contained in this pamphlet as favorable as possible. Mr. Sulzberger stated that he had called this committee's attention on several occasions to the fact that the defense work carried on by the Scientific Section is as valuable as any work done by the association and he stated that the present case is indicative of that protective side of the association's program. Mr. Phillips likened this situation in the paint industry to the present World War; he stated that without a declared war we have an invasion by leaflets and he expressed the opinion that the situation is serious and needs attention. Mr. Campbell stated that the paint manufacturers are notoriously poor advertisers and that the raw material manufacturers have hesitated to refer too strongly to the value of their product in mixed paints.

It was moved by Mr. Havey, seconded by President Trigg, that this matter be referred to the Scientific Section Committee for further study and consideration. Motion carried. Checked with H.A.G. 6/13/40

Legislation and Legal

FALSH-HEALY LAW; President Trigg reported that the Falsh-Healy Law provides for the Department of Labor to establish minimum wages to be paid in connection with the manufacture of goods purchased by the United States Government provided the contracts covering such purchases total ten thousand dollars or more. He stated that the Public Contract Division of the Department of Labor had contacted this Association looking toward the establishment of a minimum rate of pay to be in effect in the paint

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manufacturing industry on contracts placed by the United States Government for materials amounting to ten thousand dollars or more; one discussion panel was held with four manufacturers in attendance in addition to representatives of the Association and of the Department of Labor, and there have been some informal conversations since the date of the conference referred to. He stated that although the association representatives had attempted to dissuade the Department of Labor from establishing a minimum wage provision for our industry - pointing out that only a small proportion of our manufacturers are interested in bidding on this Government business, and that the wage rate has very little effect on the cost of products in this industry, the Department had stated that it was required to complete this work and that it would send to members of our industry a questionnaire regarding wages paid - number of employers - etc. President Trigg stated that this matter was being reported merely as information so that members of the committee might know what is taking place.

FULMER BILL; Mr. Macdonald stated that the Fulmer bill H. R. 9174 requires the Director of the Census to collect and publish monthly statistics concerning, among other things, flaxseed and "other" oil seeds and oils, including quantities produced, in transit and on hand. He stated that the title of this bill, however, indicated an amendment of the act requiring statistics of cotton seed and cotton seed products and said that it was expected this bill would be reported out without a hearing, as no opposition was expected. This Association filed a protest with each member of the Committee on the Census and brought the bill to the attention of other industries affected. A hearing was then granted, and very vigorous opposition was registered. The committee has taken no action, and it is believed that the bill will not be reported out. If it is reported out, further opposition will be made in the Senate.

GILCHRIST (ALCOHOL) BILL; Mr. Macdonald read the following memorandum: "H. R. 9012 is a bill to subject sugar, molasses, and similar products used in the distillation of alcohol to the taxes on sugar. (March 21, 1940 to Committee on Ways and Means.) This is to encourage the use of corn for the distillation of alcohol. It is a revival of a proposal by Representative Stefan (Nebr.) and by Representative (now Senator) Lucas (Ill.) in 1937. It is a part of the campaign to 'Protect the American market for the American Farmer'.

"At that time, Secretary Hull objected, pointing out that the measure would not achieve its object in causing more corn to be used, but instead would tend to increase the price of industrial alcohol, disrupt our molasses trade and decrease our purchasing power in molasses-supplying countries. He pointed out that the commodity which would stand to benefit most would be a petroleum by-product, an economical material for producing synthetic alcohol. The farmer would pay more for his industrial alcohol.

"The attention of the State Department has been invited to the new bill and the hope expressed that its opposition will be renewed at the appropriate time and place. The bill has also been called to the attention of our members and other industries using industrial alcohol. No hearing has been set."

MISSISSIPPI ALCOHOL BILL; Mr. Macdonald read the following memorandum regarding this proposed legislation: "Mississippi House Bill 894 (April 15, 1940) would require permits not only for the importation of intoxicating liquor, but for alcohol for scientific, medicinal and mechanical purposes. Permits, costing \$2.00, are to be valid for only 15 days. This was brought to the attention of Mississippi members, the New Orleans Association and other local interests, and grounds for opposition were supplied. The bill has been reported favorably by the House Committee on Temperance. We are not advised of action by the Senate."

RHODE ISLAND ALCOHOL BILL; Mr. Macdonald stated that: "Rhode Island House Bill 912 proposed a special wholesaler's license for handling alcohol, including industrial alcohol. Rhode Island is the only state imposing a tax on industrial alcohol. The wholesale license as applied to industrial alcohol was eliminated in the Senate, but we have been unable to learn of the action of the Conference Committee."

FEDERAL TRADE COMMISSION: Mr. Macdonald presented the following memorandum: "There has been one bribery complaint - against Lenoir Woodfinishing Company and Arthur G. Spencer individually. This resulted in an order to cease and desist on April 25th.

"Complaints have issued against the Seaboard Paint & Varnish Co., National Lacquer Manufacturing Co., and National Titanium Co., all somewhat similar. All had offered their products by mail, referring to 100 odd gallons 'in a warehouse near you,' offered at a sacrifice at \$1.55, some of it made by the world's largest synthetic paint maker, etc. It is charged that the paint was supplied from the regular place of business (Brooklyn) sold at the customary price, and that it was a reclaimed and reconditioned product.

"A proceeding against Hall Hardware Co. was closed by stipulation. This involved advertising a special brand so as to imply that the product was specifically referred to in a Government bulletin when it in fact merely referred to paint generally.

"Nu-Enamel Corporation stipulates that it will desist from representing that 'Nu-Enamel Enamelized Paint' is the first basic improvement in house paint in more than 400 years; that the respondent corporation was the first to discover the process for using tung oil as a base for paint, enamel and varnish; that 'Nu-Enamel Enamelized Paint' will last three times as long as lead and oil paints; that lead and oil paint, or 'even the best grade' thereof, produces a 'shocking' appearance or that the three basic ingredients of Nu-Enamel possess certain distinct virtues not found in ordinary lead and oil paint."

Mr. Trigg supplemented Mr. Macdonald's statement concerning the recent order against the Lenoir Woodfinishing Co. and A. G. Spencer, explaining that it had been the subject of long and intensive work by both Mr. Macdonald and Mr. Carver; that after tangible legal evidence had been gathered, the matter had been presented to the Federal Trade Commission which, following its usual procedure made its own investigation on the basis of the information furnished. The respondents filed an answer admitting the charges and accepting the order which was released on April 25th.

Mr. Koh referred to the Special Bribery Agreement and asked Mr. Macdonald how, in his opinion it is working. Mr. Macdonald expressed the view that it was working well - better in fact than he had expected. When first proposed he was skeptical. Has been much gratified however, with the spirit shown by signers, and the procedure they set up to make it effective. For example, they created an Advisory Committee to assist the Unfair Competition Bureau. It meets at least quarterly. It has responsibilities and works hard and its members have no special privileges. To insure other signers against preferential treatment of its members the Committee excuses each member for a definite period to enable those remaining to discuss any matter affecting the excused member. They have availed themselves of the opportunity. Mr. Carver is then enabled to contact those who can supply information. They have cooperated very well indeed and the bureau has every reason to be satisfied with the work of the signers as a whole and the cooperation of the Advisory Committee.

Mr. Trigg, at the request of Mr. Koh, outlined the origin of the Special Bribery Agreement, the acceptance of the plan by the Unfair Competition Committee and the Executive Committee, reviewed the first year's work of the group and the increase in the number of signers. He explained the system of cash deposits placed with Hamilton National Bank as trustee to insure against violations. He concurred in the view

that the agreement is working satisfactorily and expressed the opinion that it was one of the outstanding accomplishments for the good of the industry.

WAGE AND HOUR LAW: President Trigg stated that there is a great deal of uncertainty as to the status of so-called jobbers, including branch stores of manufacturers particularly with respect to working hours. He stated that this matter has been under hearing by the Wage and Hour Division, and he requested the Secretary to report on the hearing.

The Secretary reported that since last Fall Association Headquarters has been endeavoring to secure from the administration of the Wage and Hour Division of the U. S. Department of Labor an interpretation of retail sales which would enable a majority of the retail outlets for paint products to take advantage of exemption under the law; -- no answer has as yet been received to the question presented. He stated that under date of April 18, 1940, the Wage and Hour Division announced that hereafter a business will be considered a retail establishment if 50% or more of the dollar value of sales are at retail, -- that is, are sales to individual consumers, but that sales for industrial or business purposes are not to be considered as at retail. It would appear from this definition that sales to painters (for business purposes) are considered as sales at wholesale, and are therefore not subject to exemption under the retail clause of the law.

He reported on a hearing conducted in the City of Washington opening Tuesday, April 9th, and lasting one full week, devoted entirely to a consideration of modification of regulations defining exemptions authorized for employees engaged in an executive, administrative, or professional capacity, or the capacity of outside salesman in the wholesale trade. The Council of National Wholesale Associations with which our Association is affiliated, presented a statement urging a redefinition of these terms so that wholesaling establishments and manufacturer-owned distribution outlets might have some relief under the law. No results of the hearings have as yet been announced.

The Secretary reported on the position taken by the National Association of Manufacturers on the Wage-Hour Law covering "fundamental criticism of the Wage-Hour Act" -- "general amendments approved by the N.A.M." -- "specific amendments approved by the N.A.M." -- and "revision of administrative rulings approved by the N.A.M." Among specific amendments approved by N.A.M. were the following:

1. Exemption for all office employees paid \$30.00 a week or more.
2. Immunity from civil liability to employers who comply with rulings which the court may subsequently decide were wrong.
3. Protection to the employer who accepts administrative interpretation which is later changed.
4. Wage claims outlawed after 120 days after cause of action.
5. Provision for permitting employers to pay overtime, either in cash or in hours.

President Trigg expressed the opinion that the minimum wage provision of the Wage and Hour law does not materially affect the members of the paint, varnish and lacquer manufacturing industry, but he stated that the question of hours and time and a half for overtime does materially affect the industry. He stated that one of the inconsistencies in the law prevents an employer from working an old employee more than 40 hours, though you can fire that employee and hire a younger man at a lower rate. He stated that the Association is particularly concerned with rulings on definitions affecting distribution and stated that Association Headquarters would keep closely in touch with that situation.

Mr. Morton referred to the fact that Massachusetts has a law which prohibits the employment of women more than 8 hours a day regardless of pay. President Trigg stated that a similar law was in effect in the District of Columbia and in other states.

Membership

The Secretary presented the following list of firms from whom applications have been received for membership in the classifications indicated:

Class A

ATLAS PAINT & VARNISH CO
Los Angeles, Calif.
W. H. Tason, President

FULGHUM & CO.
Los Angeles, Calif.
Fred W. Hinrichs, III, Pres.

SEC MANUFACTURING CO.
Miami, Fla.
J. K. Shinn, Vice Pres.

CORROSION CONTROL CORP.
Newark, N. J.
N. Clinch Tate, Vice Pres.

MASONITE CORP.
Laurel, Mississippi
B. O. Stewart

TAMPA PAINT & VARNISH
CO.
Tampa, Fla.
Chas. I. Stover, Jr.,
Mgr.

PERVO CO., THE
Los Angeles, Calif.
Henry DeRuiter, Owner

Class B

CENTRAL SOYA CO., INC.
Decatur, Ind.
D. W. McMillen, Jr.

SCHAFER-MOSS CHEMICAL CORP.
Chase Drier Division
Pittsburgh, Pa.
W. S. Chase

VON HOFFMANN PRESS
St. Louis, Mo.
C. J. Boesch

Class E

SEABROOK PAINT CO.
Memphis, Tenn.
James H. Seabrook, Pres.

W. R. WINSLOW CO.
Washington, D. C.
W. A. Winslow, Pres.

WHITE CO., INC., L.B.
Houston, Texas
L. B. White, Pres.

It was moved by Mr. Webster, seconded by Mr. Reardon, that the firms whose applications have been received for membership be elected to membership in the classifications indicated. Motion carried.

The Secretary presented the following list of firms with the recommendation that the memberships be cancelled for the reasons indicated:

ERIE WINDOW GLASS CO., Erie, Pa. -- Class E, resigned
FAUST-BOOTH PAINT CO., St. Louis, Mo. -- Class A, business discontinued
FORT WORTH PAINT CO., INC., Fort Worth, Texas -- Class A, not manufacturing paint
JAMESTOWN WOODFINISHING CO., INC., Jamestown, N. Y. -- Class A, through bankruptcy, reorganized - can't afford.
KAPEE CHEMICAL CORP., Milwaukee, Wis. -- Class A, practically out of paint business
F. C. MARZO AND CO., Los Angeles, Calif. -- Class A, in bankruptcy.

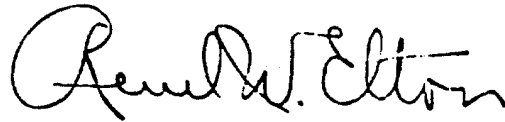
It was moved by Mr. Trigg, seconded by Mr. Webster, that the cancellations of the memberships as presented be approved. Motion carried.

Association Headquarters Preview

President Trigg stated that a number of guests from Government Departments, Trade Association Headquarters, etc. had been invited to inspect the New Association Headquarters this afternoon between the hours of three and six. He asked members of the Executive Committee to act as a reception committee on this occasion.

Adjournment

There being no further business to come before the committee, the meeting adjourned at 2:30 P.M.



Secretary