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PRODUCTS LIABILITY

11/9/76

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PRODUCTS LIABILITY

- A. Traditionally, production and quality control have been in a battle. Quality control was considered to be too conservative in rejecting parts and products for shipment. Production was considered to be too liberal with prime interests being to put the product in the hands of the customer quickly to keep backlog down.

But, now things are changing. Production and sales departments perhaps did not consider the impact of "product liability" and now they must. Every product which comes off the shipping dock creates the possibility of "product liability" suits. Courts are becoming more liberal in their interpretation of who is at fault. Customers are becoming aware of their rights if a product fails and causes them bodily harm.

The bandwagon effect of increased individual claims means that typical lawsuits against manufacturers have moved from \$50,000 per claim to \$2 million. Product failures can result with such suits as:

1. \$400,000 awarded to an employee who was burned by hot oil after being told by the foreman to proceed with the job because there probably was no danger.
2. \$2.5 million dollars pending against a manufacturer by a male employee whose long hair was caught in a machine, causing him head injuries.
3. A manufacturer changed the compound mixture for "O" rings and did not advise the customer of the change. The rings failed in the braking system of a snowmobile. The suit is pending. (not Garlock)
4. A bottle containing a liquid clearly stated that it was poison, but an adult who could not read or write drank the liquid and died. The manufacturer stated that he did all that was necessary to warn people that the product was poison. The court held otherwise, however, saying that the manufacturer should have placed a skull and crossbones on the bottle for the benefit of those who could not read.

At a recent seminar in Hartford, Connecticut with Colt and Aetna, two attorneys made presentations on the subject of "product liability."

The plaintiff attorney made the following general comments:

1. A company's general awareness of a problem or potential problem could cost the company \$2.5 million dollars. Facilities that have a high potential of fire are likely to be sued successfully if it can be demonstrated that they did not take all possible steps to protect the employees in the event they were burned. Where there is a suspicion or probable problem which could affect the lungs of an employee in a facility, another successful suit is likely to result if it can be demonstrated that the company did not take every conceivable measure to investigate the possible damage to lungs and set up appropriate counter-measures to protect the employee.
2. A company or manufacturer must anticipate how its products will be used and misused. The plaintiff attorney indicated that a company must warn potential users of possible danger. Additionally, he felt that companies had a continuing duty to warn users of possible problems.

The presentation made by the defense attorney included a number of points as follows:

1. A manufacturer must make every conceivable effort to assure that the product was perfect when it left the plant for shipment.
2. He agreed with the plaintiff attorney that a company must anticipate how the product will be used and misused. For example, he indicated that when a company ships its product to a distributor, agent, or other intermediary, the manufacturer continues to be liable for where that product is used. The manufacturer must investigate to make sure that his product is being used for what it was designed to do.
3. Where there is a margin of doubt, the court will generally support the plaintiff if the impression was that the manufacturer did not really care about the potential risk of using his product.
4. Generally speaking, if there are any alterations made on your product, this can be an excellent defense for the manufacturer.

5. Care must be used with the records that are kept. If the records show that the manufacturer was more interested in stock price than the consumer, the records are likely to be used against the manufacturer because it demonstrates that he did not seem to care enough to find out about potential problems when the product gets in the hands of the consumer.
6. If a manufacturer does not warn potential users and his defense is that it would have been too costly to conduct a warning, the court is likely to rule against the manufacturer. The attorney used General Motors as an example. Last year, General Motors spent \$50 million dollars on recalls. The \$50 million dollars came right out of profits, but they actually had no other choice but to recall. Not to have gone through with this procedure could have resulted in individual suits which would have exceeded the \$50 million dollars spent.

General Comments and Trends:

1. Claims are on the increase and come in two, three, four, and five years later than what would be assumed.
2. Dollar claims are on the increase. Colt expects to pay in excess of one million dollars in 1976.
3. In some states, like Mississippi, employees can sue individual managers if it is determined that they were lax in seeing to it that the employee's health was protected.
4. Executives are the only ones covered by our insurance carrier. There is no coverage for lower levels such as middle-management.
5. Employees, as well as customers, must be made aware of potential risks to them.
6. Every manufacturer should set up a program to anticipate and avoid potential "product liability" suits. Steps include:
 - a. What are the highest risk products?
 - b. Warnings to be included in all literature, and on products if at all possible to do so.
 - c. Develop a program of "awareness" directed toward engineering, manufacturing, marketing departments, etc. This "awareness" program would include management at all levels.

- d. Each manufacturing facility should create a "product liability" committee. Members of the committee should include the highest management level from each of the departments, such as manufacturing, marketing, engineering, etc. Representation from design engineering, quality control, and purchasing is also recommended. The committee's responsibility would be to investigate products in terms of potential liability and when this is determined, recommend solutions or intelligent choices which will resolve potential problems.

B. Two hundred ten member companies participated in a Machinery and Allied Products Institute survey with the following results:

1. Claims are on the increase; 156 of the 210 companies indicated that in the ten year period 1965 through 1975, "product liability" suits amounted to \$826 million (estimated).

We called MAPI to find out what the dollar amount of actual settlements was and they indicated that there was no data available on what the direct settlements or out of court settlements might be. They estimated, however, the ratio would be about 1 to 10. For example, in a \$1 million suit, the settlement would probably be about \$100,000.

2. Sixteen percent (16%) indicated that the upsurge in claims has inhibited the development of new products or contributed to the discontinuance of existing products.

We asked if the discontinuance of products was a result of potential liability suits or lack of profit from individual products. The response was that no one could be sure.

3. Many companies and individuals complain about governmental involvement in business and industrial matters; and yet, a good sized group of the firms participating indicated that legislation is indispensable to the solution.

RISK CRITERIA

Purpose: Identify those products which pose a significant risk for potential loss; subject those products to more stringent design, manufacturing, and marketing controls.

A. Definitions

1. "Product" means any product which is:
 - a. ready for end use;
 - b. processed further by a customer into an end product;
 - c. sold as a component for an end product; or
 - d. processed by a customer into a component for an end product.
2. "Dangerous" means a physical condition or prospective use which may cause harm or major economic loss unless dealt with carefully.

B. Risk Criteria

A product is to be classified as having significant risk whenever one of the following conditions exists:

1. The product is inherently dangerous.
2. The product can become dangerous either because of physical characteristics which deteriorate with time, or prolonged use.
3. The product conceivably be used in an improper manner, rendering it inherently dangerous, or dangerous in its mechanical applications.
4. The product will probably be used functionally in a mechanical application or in an activity which is dangerous.
5. The product, by the nature of its installation, will not be accessible, except at potentially great cost, and may be subjected to deteriorating conditions which cannot be observed.
6. The product, because of heavy use or long service life, provides a base for major economic loss in the event of unreliable performance.
7. The product, if defectively designed or manufactured, is dangerous.

The division Product Liability Committed should review the quality control procedures for all significant risk products and assure that the quality of processing, inspection, and testing is consistent with the risk.

WARRANTIES

Highly competitive markets are exerting an increasing pressure for expressed product guarantees, and subtly prompting implied guarantees through promotional brochures, advertising copy, sales presentations, rendering of technical advice, and other customer contact.

At the same time, changes in the law of product liability have imposed stringent responsibility on the manufacturer for product quality control, especially when expressed or implied representations are made concerning quality, useful life, or fitness of a product for a particular purpose. This makes it necessary to give special attention to the issuance of guarantees and the review of all product literature. It is essential to keep the following points in mind when reviewing existing materials or developing literature for new products.

1. Standard Terms and Conditions of Sale guarantee that products will be "merchantable", that is, of good material and workmanship. No representation should be made concerning the fitness of a product for a particular purpose or use.
2. Any guarantee (beyond merchantability), whether verbal or written, express or implied, shall be reviewed first by the Legal Department, and then submitted to the Group Vice President for approval. Requests for guarantee approval will be accompanied by convincing technical data and reports which precisely and quantitatively demonstrate the validity of warranty representations.
3. When expressed guarantees have been approved for specific products, each employee who has customer contact or prepares written material for customer distribution must be familiar with the scope as well as the limitations of such guarantees. Certificates should be obtained through the Legal Department.
4. All advertising copy, sales brochures, press releases, and other product promotional literature shall be submitted to the Legal Department for review and approval before release or publication.
5. Employees must exercise cautious judgment in making verbal representations concerning product quality in general. (As a rule, understatement is preferred to overstatement.) Particularly in the area of technical advice, limitations on accuracy or sufficiency should be stressed.

Any doubts concerning the implementation of this policy should be resolved by inquiring through the Legal Department.

COMPLAINT AND CLAIMS PROCEDURES

Purpose: Develop a system that provides for prompt and equitable settlement, as well as effective follow-up to minimize the possibility of recurrences.

The division Product Liability Committee should develop a written complaint and claims procedure which:

1. Assures a prompt and equitable response.
2. Minimizes the customer's and company's economic loss.
3. Provides identification of high risk product claims.
4. Obtains field information which will enable improvement of products and processes.
5. Alerts the Insurance Department and Legal Department in the event of property damage or personal injury. The need for promptly alerting these departments is stressed.

RECORDS RETENTION

Purpose: Establish criteria for developing records and record retention systems, emphasizing high risk products, to improve defense position.

The division Product Liability Committee should assure that records are developed in the specific areas related to product safety and liability. It shall develop a list of the specific documents (with titles and form numbers). The general categories of records which need to be considered are:

1. Customers' stated requirements. Results of review of customers' specifications.
2. Development records.
3. Manufacturing instructions and records.
4. Inspection procedures, standards and results.
5. Material review records.
6. Results of process, product and systems audits.
7. Quality Summary Reports.
8. Customer claims correspondence and dispositions.
9. Verbal communications with customers pertinent to requirements, product applications and claims.
10. Trip reports.
11. Corrective action taken.

The division Product Liability Committee, in cooperation with Records Management, will establish retention schedules for documents deemed relevant to product liability.

AUDITS

Purpose: Verify effective implementation of the policy.

The division Product Liability Committee should develop plans for implementing the policy and submit them to the Group Vice President for review. The plans shall include a procedure by which the division audits its own compliance.

NEW PRODUCT REVIEW

(.) Purpose: Control design safety and functional adaptability.

Each division Product Liability Committee should review all product design specifications to insure compliance with association standards, government codes and customer requirements. It is suggested that the committee:

1. Develop the systems necessary to implement the product review objective. This will include:
 - a. definition of "new product";
 - b. an administrative system at the plants and contributions from staff groups to assure that all new products are brought to the committee's attention;
 - c. a documentation system which substantiates that thorough reviews have been made and that confirming copies are sent to the Group Vice President.
2. Develop a design review procedure by which the designer is required to submit a complete description of: the product, its intended use, expected life, service environment, the testing performed during product development, potential defects and potential hazards in the use of the product, and estimated market potential.
3. Develop a manufacturing control plan, to include review of:
 - a. the manufacturing plan;
 - b. the inspection and testing plan, including documentation;
 - c. raw material control plans;
 - d. process control procedures;
 - e. material review procedures;
 - f. rework and repair controls;
 - g. control of design changes;
 - h. investigation of safety-related complaints;
 - i. corrective action plan.
4. Develop a procedure to review product liability losses which may suggest the need for changes within the division.

(.) At the outset, the committee should identify all the significant risk products and subject those products to the review provided above.

DEIVED

J. 1577

DEPARTMENT
CARLOCK INC.

RE: PRODUCT LIABILITY COMMITTEE MINUTES

DATE: June 7, 1977 - 9:00 am

In Attendance: R Guild G LeRoy
J Guffey M Panarites
D Holmes H Schaefer
A Kuzmuk R Stay

BRUCE KUHNEN

1. The Product Liability Committee will consist of the following people:

John Guffey - Compression Packing Division
David Holmes - Controllers
Ernie Kuhn - Hydraulic Components
Alex Kuzmuk - Construction Products
Gordon LeRoy - Engineering
Mike Panarites - Personnel; Product Liability Chairman
Herb Schaefer - MRP Operations
Ron Stay - Marketing

2. Mini-committees will be set up under the above committee.
3. A brief review of the following subjects was given by Mr. Panarites

What is Products Liability?
Risk Criteria
Warranties
Complaint and Claims Procedures
Records Retention
Audits
New Product Review

4. A slide presentation was shown which gave a brief history of product liability and the problems that industry is now facing with the new legislation.
5. General Discussion Areas:
 - (a) OSHA Caution Warning - this is very important in the asbestos industry. It is something that we have not been doing
 - (b) We do not control end use of products. We do not print on our packaging product info because there are too many different uses for our particular product.
 - (c) We do very limited testing on the products we sell.

PRODUCT LIABILITY COMMITTEE MINUTES
June 7, 1977

- (d) Information on product failures should be kept.
 - (e) What product claims do we have right now.
 - (f) Installation Instructions - are the complete or should they be revised.
6. Preparation for next monthly meeting - set up mini committees.
7. Next meeting to be held on Tuesday, July 26th. 9-10 AM


ME Panarites/bld
Chairman, Product Liability Committee

RECEIVED

AUG 5 '77

LAW DEPARTMENT
GARLOCK INC.

RE: PRODUCT LIABILITY COMMITTEE MINUTES

DATE: July 26, 1977 - 9:00 am

In Attendance:

G Barlis	E Kuhn
M Burdulis	G LeRoy
J Guffey	J Lynn
R Guild	M Panarites
D Holmes	H Schaefer
B Keep	R Stay

1. Mini-committees. Some of the product centers have set up their mini-committees; others have not. There was some question as to just what these committees should be doing.
2. Discussion on the rating of our products as far as the importance in becoming involved in a product liability claim. Should the products be categorized as to (1) potential physical injury to a person and (2) damage to equipment. Can we categorize our products without the knowledge of what the end use is for our product?
3. Biggest area of exposure for us now is 'asbestos'. It was agreed that we would work on this particular product first and through our experiences, apply them to our other products.
 - a. Bill Price and John Guffey were assigned the responsibility by Mr. Townsend to chair a labelling program in asbestos. They are to see that our labelling program satisfies all our objectives and it is to be implemented by January 1, 1978.
 - b. Mr. Guffey brought up the point that most companies have lost product liability suits because of their 'failure to warn'.

After some discussion, it was the unanimous opinion of the committee that we immediately begin to label all advertising of our products that contain asbestos with the following phrase:

C A U T I O N

Contains asbestos fibers. Avoid creating dust.
Breathing asbestos dust may cause serious bodily harm.

Mr. Stay was assigned the responsibility of seeing this label is on all advertising of asbestos products. It was also decided that all catalogs that have already been printed should be labelled with the warning before being sent out. (This warning to be only on products that contain asbestos.)

*Rev
8/10
1977*

- c. Other areas in which labelling should be done are:

- (1) CA Sheet
- (2) Spool heads of braided asbestos material.
- (3) Labels inside boxes of our products that are sent to our distributors.

- d. It was suggest that letters be sent to all of our distributors stating the following:

"Enclosed please find 'Caution' labels which we strongly recommend that you, as our distributor, pass on to all end users of our products containing asbestos."

There was a discussion as to which phrase should be used on these labels:

- (1) C A U T I O N

Contains asbestos fibers. Avoid creating dust.
Breathing asbestos dust may cause serious bodily harm.

- (2) D A N G E R

Cancer hazard. Contains asbestos fibers. Avoid creating dust.

From a marketing point of view, it was suggested that the number (1) phrase be used for all labelling. However, Mr. Lynn is to contact our legal department at corporate headquarters to find out which one they feel we should use.

After an answer is received from Mr. Lynn, Mr. Stay will proceed in having these letters/labels sent out.

- e. Mr. Schaefer was concerned as to how the asbestos sheets should be labeled. Also, whether those sheets which did not show a Garlock trademark, did they need to show a warning label.

It was decided that all sheets will be imprinted with the warning label as soon as Mr. Lynn finds out which one to use. Also, all sheets presently in inventory should be labeled in some way with the warning.

4. Items to be discussed at next meeting:
 - a. Each Product Center manager to list all products and find out what their end use is. Not necessarily in order of liability.
 - b. Review of our labelling program for asbestos.
 - c. Warranty
 - d. Sales training.
 - e. Requests from customers (Material Information Sheets) as to what materials our products contain.
 - f. Proposed regulations on acrylonitrile.
5. Next meeting to be held on Tuesday, August 30, 9:00 a.m., Personnel Conference Room, bldg. 6-1.
6. Any additions or changes in these minutes should be brought to the attention of Mr. Panarites.

/bld

RECEIVED

SEP 2'77

LAW DEPARTMENT
GARLOCK INC.

RE: PRODUCT LIABILITY COMMITTEE MINUTES

DATE: August 30, 1977 - 9:00 a.m.

In Attendance: M Burdulis J Lynn
F DeRosa M Panarites
R Guild H Schaefer
D Holmes L Sementilli
A Kuznuk C Terr

Not Attending: J Guffey G LeRoy
E Kuhnien R Stay

1. Labelling Program - Messrs. Guffey and Price are working on the overall labelling program and will have a report for the next Product Liability meeting.
2. Labelling Program for Asbestos -
 - A. Advertising - Advertising for Hydraulic Components and Compression Packing are now carrying the 'CAUTION' label on it. Mr. Stay was not in attendance, therefore, we do not know what other steps have been taken to label advertising now in-house or other types of advertising.
 - B. C/A Sheet - Labels have been ordered for C/A sheet and should be received shortly. They are approximately 1" x 2" in size.
 - C. Spool Heads - Mr. Burdulis, who was attending for Mr. Guffey, said that a definite decision had not been made as to how they would be labelling the spool heads for braided asbestos material. However, they had talked about having it printed on the spool head instead of stamping it on.
 - D. Labels on boxes that package our products. Nothing has been done on this yet.
 - E. Letters to Distributors - Mr. Stay was not in attendance and therefore we were unable to find out if this had been done as yet. Mr. Lynn informed us that according to our corporate legal department that the "CAUTION" label should be used and not the "DANGER" label.
3. Each Product Center was to list all products and find out what their end use is. As of this meeting, none of the product centers had accomplished this.

4-9/2

4. Material Data Sheets - Mr. Panarites stated that per Mr. Townsend's request that we were not to complete and return any Material Data Sheets that we received from customers. If a customer insisted on this information and would not place an order with us unless we complied then Mr. Panarites should be informed and it would be discussed further. Mr. Panarites asked that the committee inform all their people that these MDS sheets should not be completed.
5. Acrylonitrile Regulations - There was a brief discussion on acrylonitrile but the consensus of the group was that nothing should be done until definite regulations or decisions were made regarding the manufacture of this product.
6. The next meeting will be held on Tuesday, September 27th, 8:00 a.m. in the Personnel Conference Room, bldg. 6-1.
7. Any additions or changes in these minutes should be brought to the attention of Mr. Panarites, Chairman.

/bld

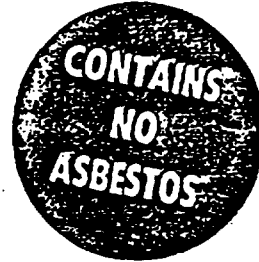
417, 77
L. D. Dyer
J. D. Dyer

RE: PRODUCT LIABILITY COMMITTEE MINUTES

DATE: September 27, 1977 - 8:00 a.m.

In Attendance: J Guffey M Panarites
B Keep H Schaefer
E Kuhn R Stay
G LeRoy C Terr
J Lynn

Not Attending: D Holmes
A Kuzmuk



1. Labelling Program -
 - A. Advertising.- All pages of the Industrial Catalog that contains products that have asbestos in it have the "Caution" label inserted on them.
 - B. C/A Sheet Labels - Copy of one attached to minutes. These labels are being put on each sheet. Labels are also being sent to distributors so when they cut the material down they can attach labels to the product.
 - C. Labels on Boxes - Labels are being put on the boxes that we ship our products in until they are reprinted.
 - D. Letters to Distributors - Mr. STay said that a letter would be sent out to the distributors explaining the labeling, etc. within the next week.
2. List of all Products and End Use - It was decided that we could use the new Industrial Catalog to obtain information needed on all products.
3. Are we labeling and warning about our asbestos products properly and enough? General consensus was yes for now but probably within the next 6 months, new guidelines will be issued.
4. Material Data Sheets - Harold Hughes is answering these if approval has been obtained from Mr. Townsend.
5. Brief discussion regarding aerosol/propellants. Product called Omniflube will not contain fluoro-carbons. Will use CO₂ or hydro-carbons. Omniflube is non-flammable. Companies asking for MDS sheets. Must obtain permission from Mr. Townsend. All MDS sheets should be sent to Jack Lynn.

continued

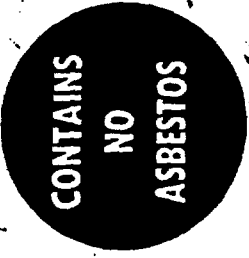
6. Topics for next month: Warranties & Guarantees; Training of Field Salespersons.
7. Next meeting will be held on Tuesday, October 25, 8:00 a.m. in the Personnel Conference Room, bldg. 6-1.
8. Any additions or changes in these minutes should be brought to the attention of Mr. Panarites, Chairman.

Mike

/bld

Re: at hand
Sept 14/27/16

Ability Committee
- Mike Panicker Co
- 8:25 AM Tuesday
- Kuhn. Ron Stoy, R
- Gordon Kelley; Bonnie



CAUTION:
Contains Asbestos fibers.
Avoid creating dust. Breathing
Asbestos dust may cause
serious bodily harm.

Giffey "dora" -
Asbestos = Asbestos
etc. "CONTAINS NO

CAUTION:
Contains Asbestos fibers.
Avoid creating dust. Breathing
Asbestos dust may cause
serious bodily harm.

SPAY letter to
- diet's to get
Schaefer - non

CAUTION:
Contains Asbestos fibers.
Avoid creating dust. Breathing
Asbestos dust may cause
serious bodily harm.

Thrup except slope
Bruce keep
1 add. wild canyons

October 18, 1977

Chairman, Product Liability Committee

PRODUCT LIABILITY COMMITTEE MEETING

The Product Liability Committee meeting to be held on Tuesday, October 25th, will be at 9:30 a.m. instead of 8:00 a.m. The change in time is because we have two guests flying in from New York: Joe Holwerda - Director, Safety and Security for Colt and Bill Rudolph - General Counsel for Colt. Both men are very involved in Product Liability.

Should you be unable to attend, please let me know as soon as possible.

ME Panarites/bld

Attachment

RECEIVED

NOV 8 77

CONFIDENTIAL
GARLOCK INC.

RE: PRODUCT LIABILITY COMMITTEE MINUTES

DATE: October 25, 1977, 9:30 a.m.

In attendance: J Guffey G Leroy
R Guild J Lynn
H Hughes M Panarites
A Kuzmuk H Schaefer

Not attending: D Holmes
E Kuhnien
R Stay

Guests: P Hanke
J Holwerda
J Maher
W Rudolph

1. For the benefit of our guests, Mr. Panarites reviewed what the committee had accomplished since the first meeting that took place in June. Copies of the minutes of all the meetings were given to the guests.
2. Mr. Guffey recently attended an A.T.I. Conference (Asbestos Technical Institute) and he enlightened us on the new regulations in California which requires the end user to register with the state when any hazardous materials are used. The state does not consider all forms of asbestos as hazardous in themselves but does consider any asbestos products labeled with the "Caution" label as hazardous. Therefore any product that we (Garlock) now label would be considered hazardous and would require the end user to register.

Raybestos-Manhattan received a lot of feedback from their customers that indicated they would lose business to companies who do not label. They have converted to a new warning label which:

- A. California does not require to be registered.
- B. Continues to satisfy the goal of warning users of their products.

This new label (Shown below) will be used on all dust suppressed cloth, Compression Packings and Compressed sheet at Garlock. It will be used in all locations rather than having separate inventories for California.

continued.....

Ray
11/9
11/9 9-11/8

N O T I C E

This asbestos product is manufactured with a dust suppressing binder for the express purpose of locking-in fibers during normal use. Care should be used while handling all asbestos products so as to avoid abuse and excessive dust emission. For detailed information consult the recommended work practices handbook Use and Handling of Asbestos Textile Products published by the Asbestos Information Association. A copy will be sent to you on request.

Compression Packing Division
Garlock Inc
Sodus, New York 14505

Mr. Hanke asked that Mr. Guffey contact Johns/Manville to see what they are doing and also to contact R/M and find out who they contacted in California to get the okay on the above notice. This information to be forwarded to Mr. Hanke.

The question, "If a distributor does not use the labeling and we don't know about it, will we be held liable?" Probably not, however, if we do know and we don't do anything about it, we would most likely be liable. General consensus was that the sales persons should check out our distributors once in a while to see if they are labeling like they are suppose to. The sales person should report back by way of a letter as to what he found so we have record of it.

3. Messrs. LeRoy, Schaefer, Stay and Lynn met previously to this meeting to discuss putting products in proper "risk criteria". Because of the hundreds of various products we make, it presented many complications as to how this could be done and therefore, Mr. Panarites asked Mr. Holwerda if from his experience at other divisions could he help us out. Mr. Holwerda pointed out that at one of the divisions they set up their risk criteria by the number of law suits for a particular product.

Mr. Guffey said that Compression Packing was now recording case histories of product applications (i.e. when a part was installed and how long it lasted). As was pointed out, the products we make 'wear out'.....we make replacement parts. Therefore, at what point does our liability cease because the part should have been replaced. Mr. Rudolph said there were too many variables to this question and it would depend on the particular incident.

Some discussion regarding special meetings of our distributors and sales people regarding product liability and their involvement with it.

4. Many distributors have been sending in letters requesting whether Garlock would carry them under their Product Liability Insurance. All of these letters are being referred to Mr. Smith for reply.
5. Mr. Holwerda pointed out that the Consumer Protection Safety Commission requires that a report be issued should an injury occur to someone when using a "consumer product". This report must be filed within 10 days to the commission by the company who made the product.

After some discussion, it was decided that we, Garlock, do not make a "consumer product"; we only make parts that go into a consumer product and therefore this would not apply to us.

6. The meeting adjourned at 11:00 a.m.
7. The next meeting will be held on Tuesday, November 29, 1977, 8:00 a.m. in the Personnel Conference Room, bldg. 6-1.
8. Any additions or changes in these minutes should be brought to the attention of Mr. Panarites, Chairman.

/bld

PRODUCT LIABILITY COMMITTEE

JUNE 15, 1978

8:30 AM

A G E N D A

- I. WARRANTIES - JACK LYNN
- II. WARNINGS & LABELING - JOHN GUFFEY *no report - absent*
- III. MATERIAL DATA SHEETS *Hand! Hughes*
- IV. DESIGN, DEVELOPMENT, AND ENGINEERING (SEE ATTACHMENT)

RECEIVED

JUN 7 '78

LAW DEPARTMENT
GARLOCK INC.

Design, Development, and Engineering

A product begins with its design, and that is also where the exposure of products liability begins. Most complaints initiating products liability suits contain a count alleging defective design. If the plaintiff can persuade the court and/or the jury that the design of the product which caused the injury or damage was defective and that the injury or damage was caused by the defect, in most jurisdictions he will have proven his case.

As a manufacturer proceeds through design, prototyping, testing, and engineering, he would do well to keep in mind such questions as those set out below.

Design

1. What is the product's purpose? What will it do?
2. Where, how, and by whom will it be used? In what environment? For how long?
3. Do you have established qualifications--education and/or experience--for design engineers? Training programs?
4. Are design engineers sufficiently indoctrinated in potential products liability hazards and their consequences?
5. Does your company have a formal design review program? If so, who participates?
6. Do you have a system of "feedback" to take advantage of the performance history of the same or similar product?
7. In building to the customer's design, what special consideration is given to your possible responsibility for the finally approved design? Have you consulted with the customer on the design? What of your obligation--as a manufacturer experienced in the field--to warn the customer of potential hazards in following his design?
8. Can the product be manufactured and sold at a profit and still meet or exceed:

RECEIVED

7

JUN 7 '78

LAW DEPARTMENT
GARLOCK INC.

- a. Labels or warnings plates: prominent location, legibility, understandability, durability; and
 - b. Review and approval of warning labels or plates by law, engineering, and safety departments and/or by Products Reliability Committee.
16. Does design incorporate purchased parts? From reliable and time-tested vendors? Does vendor maintain records sufficient to trace shipments from him by shipment, batch, or lot number? Does vendor carry products liability insurance? Have you inspected vendor's manufacturing facilities and quality control system? Does your purchase order require vendor to certify compliance of his part or component with applicable safety standards?
 17. Does the design allow for human error? (E.g., errors arising from fatigue, boredom, insufficient training, emotional or physical upset, etc.) Does the design require a human factors analysis?
 18. Does your design review require a failure mode and effects analysis, fault-free analysis or other systems-type approach?
 19. Does your system of design review and evaluation provide for recheck and reevaluation prior to approval for production? Some manufacturers employ a three-ply system of design review: preliminary design review, intermediate design review, and final design review.
 20. Are your design reviews and evaluations recorded and this documentation preserved against the possibility of its use in connection with some future claim?

NOTE: We reemphasize that these questions are merely suggestive of the kinds of questions that manufacturers must ask themselves as they design new or improved products. We hope they may encourage the development of design review and checklists tailor-made to the individual company and product situation.

Testing

1. Is a prototype of the product necessary?
2. What tests should be conducted? Who defines standards for testing?

(NOTE: It is most important to define in detail the standards applicable to the product. Tests

TO: FILE MEMO

FROM: Counsel-Mechanical Rubber Div.

27 October 1977
(Dict. 26 Oct.)

RE: Product Liability Committee Meeting
✓ LP 120:2:6

- - -
Outside Suppliers-Insurance Coverage of Garlock
LP 100:1

On Tuesday, 25 October, a meeting of the Product Liability Committee was held in bldg. 6-2 from 9:00-12:00 a.m. There were fourteen people present which included, in addition to the "regulars", Pete Hanke, Bill Rudolph (Asst. General Counsel, Colt), Jack Maher, Joe Holwerda (Director of Insurance, Colt) and George Townsend. I took notes of that meeting which are in the file.

Two of the subjects discussed involved problems assigned to Law Department and these are:

1. Special warning label or statement for California customers - John Guffey had written a letter a few days before outlining the situation in California which now has a rule requiring everyone in the state who buys products containing asbestos must register that fact with some State agency. He learned this at a recent meeting of the Asbestos Textile Institute. This has caused considerable confusion and is resulting in the loss of business by asbestos products suppliers who, under the existing Federal rule, have to put a caution label on such products. This automatically triggers the requirement that the buyer must thus report that to the State. Many asbestos product suppliers are not labeling their products and therefore customers are switching to them in order to avoid this registration problem. Raybestos-Manhattan has designed a statement, which will go on all their asbestos products which explains that the product is held together by a binder and there is very little likelihood of any dust being released in normal usage. They feel that this will reassure their customers.

Guffey feels we ought to adopt the same wording. PS Hanke felt that we should make sure the wording is acceptable to the State so Guffey is going to find out what agency in the State should be contacted to get that information. Then, either he or Law Department will make the contact and get the ruling. In any case, apparently we are going to do that on all our products, not just those that go into California.

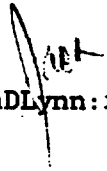
2. "Named Insured" coverage of Garlock on suppliers product liability insurance policies - In the general discussion of product liability insurance, mention was made of many requests we get from distributors to put their names on our policy as a "named insured". It was pointed out that Colt has a policy against that and will not do so. The reason for this is that doing this would relieve the distributor from all liability and the

2/17/77
RWW
10/28

2. "Named Insured" Coverage (cont'd)

necessity for getting his own product liability insurance. It would cover any product failures and damages/injuries caused thereby, even though the fault may lie with the distributor and his handling of the product. All Colt will do is furnish us Certificate of Insurance to such distributors.

However, later in the meeting we got on to the can goods line and the spray can situation. In products which we buy and resell "as is" such as lubricants, etc. in this line, we should ask the manufacturer of the cans (Spray-On, etc.) to make us a "named insured" on their product liability policy. It was decided that Law Department would provide Purchasing Department with the form letter to use in those cases. I have been given that assignment and will follow through. However, I must consult with Colt (or PS Hanke or ?) to make sure that the letter reads properly. Then I will get together with Ed Hardy and we will establish a procedure.


JohnDLynn:ik

bc: HD Retting
RB Steinmetz, Jr.

HT Schaefer

Paralegal

Product Liability
LP 120:2:6

March 13, 1981

This refers to your memo of March 4, 1981 under the above reference.

I have discussed your memo with Hal Retting and he endorses the reactivation of a Product Liability Committee and he expects to attend at least some of the meetings of the Divisional Committee.

I will plan to attend at least those meetings which Hal is unable to be here for and I will see that questions which need his attention are passed along to him.

Hal did indicate that he would like to have any information that is available on the planned agenda for Divisional Committee meetings. This will enable him to have a better handle on when matters of particular legal concern are planned for discussion.

He also feels that all the committees should maintain "minutes" of their proceedings and he would like to receive copies. These can be forwarded directly to him or via this office, whichever you prefer.

RW Watson:ik

Colt Industries

RECEIVED

MAR 5 '81

LEGAL DEPARTMENT
GARLOCK INC.Garlock
Mechanical Packing Division
1666 Division Street
Palmyra, New York 14522
315/597-4811

Interoffice

To: See Distribution
Subject: Product Liability

From: H. T. Schaefer
Date: March 4, 1981

It has been two or three years since we have had an active Product Liability Committee. During the time of 1977 to 1979 the previous committee did a great deal of positive work in asbestos labeling and determining direction for asbestos products.

We are in an era of product liability suits for actual or perceived product failure. It would seem that everyone has their lawyer waiting impatiently in the wings. It therefore behooves us to take the offense in terms of labeling, product design, information and modernized sales education in all aspects in order to minimize product liability costs.

Rather than have one committee which meets every month, it is my proposal that each Profit Center set up its own committee. Each Profit Center Committee would be made up of the General Manager, Chief Engineer, Quality Manager and the Marketing Manager. The Finance, Personnel and Legal Departments and Vice President of Sales should be considered as part of each committee. They do not necessarily have to be present for each and every meeting, but should be consulted for help and guidance.

The Divisional Committee which is made up of the recipients of this letter will convene once a quarter, or it can be called in an emergency if there is a specific problem to be solved by the Division or a unit within the Division.

Each unit Product Liability Committee will keep notes and send copies to this office. I would like to suggest, to begin with, that you have frequent meetings and I would like to see your schedules.

In the files of each of the Profit Centers I am certain you will find Product Liability information referring to our 1977/79 committee. However, I am attaching some information to help you get started with each of your committees.

HT Schaefer
HT Schaefer/k

*Run
3/5*

DISTRIBUTION:

GR Bird
JM Cook
JF Hurley
WA Johengen
ES Kuhn
P Loomis
HD Retting
RJ Stay
D. Vogel
✓RW Watson

cc: Joseph G. Holwerda
Director, Risk Management

Design, Development, and Engineering

A product begins with its design, and that is also where the exposure of products liability begins. Most complaints initiating products liability suits contain a count alleging defective design. If the plaintiff can persuade the court and/or the jury that the design of the product which caused the injury or damage was defective and that the injury or damage was caused by the defect, in most jurisdictions he will have proven his case.

As a manufacturer proceeds through design, prototyping, testing, and engineering, he would do well to keep in mind such questions as those set out below.

Design

1. What is the product's purpose? What will it do?
2. Where, how, and by whom will it be used? In what environment? For how long?
3. Do you have established qualifications--education and/or experience--for design engineers? Training programs?
4. Are design engineers sufficiently indoctrinated in potential products liability hazards and their consequences?
5. Does your company have a formal design review program? If so, who participates?
6. Do you have a system of "feedback" to take advantage of the performance history of the same or similar product?
7. In building to the customer's design, what special consideration is given to your possible responsibility for the finally approved design? Have you consulted with the customer on the design? What of your obligation--as a manufacturer experienced in the field--to warn the customer of potential hazards in following his design?
8. Can the product be manufactured and sold at a profit and still meet or exceed:

- a. Performance requirements?
 - b. Industry certification standards? (E.g., Underwriters' Laboratories, Inc. (UL), National Electrical Manufacturers Association (NEMA), National Fire Protection Association (NFPA), American National Standards Institute (ANSI), etc.)
 - c. Applicable federal, state, and local safety requirements? (E.g., Occupational Safety and Health Act, Consumer Product Safety Act, Federal Coal Mine Safety Act, etc.)
 - d. The extremes of potential environmental influences such as heat or cold, humidity, altitude, vibration, gases or fluids, corrosive ambients, etc.?
 - e. Expected customer requirements of use, reliability, maintenance, etc.?
9. With present factory capability, can the design be achieved in production?
 10. Does the design minimize installation and maintenance problems?
 11. What parts or components are critical to safety of the product? What will happen if these parts fail?
 12. Will the design result in a product that is safely useable? Maintainable? Repairable? Does design provide for incorporation of all necessary safety devices? Are moving parts guarded?
 13. Is the rated capacity of the machine shown on the machine by an attached permanent notice (e.g., metal plate, cast legend, stamping, etc.)?
 14. When operated in accordance with instructions and within prescribed limitations (such as capacity, velocity, rpms, etc.), what damage can the product cause to persons or property? To itself? What damage may it cause if prescribed limitations are exceeded? What are the foreseeable consequences of misuse?
 15. What dangers should users of the product be warned of? Is the warning adequate? Could the need for a warning be obviated by feasible redesign?

- a. Labels or warnings plates: prominent location, legibility, understandability, durability; and
 - b. Review and approval of warning labels or plates by law, engineering, and safety departments and/or by Products Reliability Committee.
16. Does design incorporate purchased parts? From reliable and time-tested vendors? Does vendor maintain records sufficient to trace shipments from him by shipment, batch, or lot number? Does vendor carry products liability insurance? Have you inspected vendor's manufacturing facilities and quality control system? Does your purchase order require vendor to certify compliance of his part or component with applicable safety standards?
 17. Does the design allow for human error? (E.g., errors arising from fatigue, boredom, insufficient training, emotional or physical upset, etc.) Does the design require a human factors analysis?
 18. Does your design review require a failure mode and effects analysis, fault-free analysis or other systems-type approach?
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 20. Are your design reviews and evaluations recorded and this documentation preserved against the possibility of its use in connection with some future claim?

NOTE: We reemphasize that these questions are merely suggestive of the kinds of questions that manufacturers must ask themselves as they design new or improved products. We hope they may encourage the development of design review and checklists tailor-made to the individual company and product situation.

Testing

1. Is a prototype of the product necessary?
2. What tests should be conducted? Who defines standards for testing?

(NOTE: It is most important to define in detail the standards applicable to the product. Tests

should confirm that the product conforms to the standard in each case.)

3. By whom should tests be conducted? In-house or by independent testing laboratory? Is independent testing required for product certification?
4. What records are to be made of results of testing? By whom authenticated? Have you a formalized program for evaluation of test results? How are lessons of testing translated into redesign or abandonment of the project?
5. To whom are test results distributed? R&D? Engineering? Top management? Law? Risk management/insurance? Marketing? Products Reliability Committee? Others?
6. What records are prepared on tests conducted and results obtained?
7. Where and for how long are records of test results preserved?

Design Changes and Modifications

1. Have you a policy and procedure covering necessary design changes where "bugs" are discovered in products already in the distribution chain?
 - a. Products in transit and in hands of customers or distributors?
 - (1) If product's size, customer's requirements, etc., prevent recall, have you developed a procedure for field change-over?
 - b. Work in process?
 - c. Inventory?

(NOTE: Engineering changes and deviations (a deviation differs from an engineering change in that it represents a deviation in dimension or material in a production part from a current blueprint) should receive the same multifunction review as a total design. The attention given any such engineering change or deviation may, of course, vary with the degree of risk involved.)

Colt Industries



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JUN 21 '78

LAW DEPARTMENT
GARLOCK 17-2

CP 1701216
Garlock
Mechanical Packing Division
1666 Division Street
Palmyra, New York 14522
315/597-4811

Interoffice

To: See Distribution
Subject: PRODUCT LIABILITY COMMITTEE MINUTES

From: Michael E. Panarites
Date: June 21, 1978

Date & Time of Meeting: June 15, 1978 - 8:30 am

In Attendance: H Hughes H Schaefer
 J Kosowski K Schoenfelder
 G LeRoy R Stay
 J Lynn C Terr
 M Panarites

Not Attending: J Guffey
 D Holmes
 E Kuhnien
 A Kuzmuk

1. Warranties - Jack Lynn

Contract between buyer and seller. Don't rely on warranties as a defense in a Product Liability case. A question was raised if we should acknowledge all incoming orders and inquiries on our own acknowledgement order which has our warrant inprinted on the back. Yes...because if a product liability suit is brought against Garlock, our warranty would have precedent over customer's warranty. Acknowledgements need not be sent to our distributors because we already have a signed agreement with them.

Discussed whether all our products we ship out have installation instructions in them. In most cases, installation instructions are packed with shipment, however, only one instruction is sent out with each box or package. Therefore, when a distributor sells just one piece out of the package, there is not an installation instruction to go along with it. It was decided that we send additional copies of our installation instructions to each distributor for them to hand out. Since Garlock is showing good intent by supplying these instructions to the distributor, should a product liability suit occur, the onus would be placed on the distributor.

2. Warnings & Labeling - John Guffey

Tabled until next meeting.

Handwritten: B6/m/178
Rue 1224-102216

3. Material Safety Data Sheets - Harold Hughes

All requests for completion of MSD sheets should be forwarded to Harold Hughes. He will supply the requesting company with information except of a proprietary nature. Mr. Hughes said that we are not required to fill out an MSD sheet unless the material is considered hazardous according to OSHA. However we have been receiving many requests along with revised OSHA-20 MSD forms that are requesting information that we should not be giving out. These forms have been attached for your information.

4. Design, Development and Engineering - ME Panarites

All units should have their engineering people review this section and come to the next meeting prepared to discuss items that apply to us. Example: are we keeping records; do we have a formal design review program, etc.

5. General Information

Ron Stay stated that because all the problems and law suits Johns Manville has been having with asbestos, they are banning smoking in all their plants. The question was brought up whether we should be doing the same at our facilities in Palmyra and Sodus. Mr. Guffey is attending an Asbestos Institute meeting in Quebec and this subject will be discussed at that time. Mr. Guffey will report back to the committee at the next meeting.

Allied Chemical has taken the stand that anytime one of their employees is involved in handling hazardous material, including compressed asbestos sheet, etc., for every 20 min they work with the hazardous material, they will have 40 minutes off. Also, they will take a shower and change clothes every hour and are closely watched by full-time supervision. In otherwords, in a period of four hours they only work 80 minutes. It costs approximately \$600 to change a flange gasket.

6. Booklet entitled "Company Programs to Reduce Products Liability" have been ordered and should be available to everyone by the next meeting.

7. The next meeting will be held on Thursday, July 20, 1978, 8:30 am, Personnel Conference Room.

8. Any additions or changes to these minutes should be brought to the attention of ME Panarites.

Distribution:

J Guffey	A Kuzmuk	H Schaefer
D Holmes	G LeRoy	K Schoenfelder
H Hughes	J Lynn	R Stay
J Kosowski	M Panarites	C Terr
E Kuhnen		

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Colt Industries



JUL 17 78

LAW DEPARTMENT
GARLOCK INC.

Garlock
Mechanical Packing Division
1666 Division Street
Palmyra, New York 14522
315/597-4811

Interoffice

To: See Distribution
Subject: PRODUCT LIABILITY
LP120 2'6

From: Michael E. Panarites
Date: July 14, 1978

The Product Liability meeting scheduled for Thursday, July 20th has been changed to Thursday, July 27th, 8:30 am, Personnel Conference Room. We have attached an agenda for that meeting.

Also, for your information, there will be a special program on television this evening entitled "Way to Dusty Death" produced by Jules Bergman. It can be seen at 10 pm on channel 13. It is about asbestos. If you have a chance to watch it please do so.

Mike

ME Panarites/bld

Attachment

Distribution:

J Guffey
D Holmes
H Hughes
E Kuhnien
A Kuzmuk
G LeRoy

J Lynn
H Schaefer
R Stay
C Terr

*John - Please call me regarding your letter
Law Dept. Colby, Inc. 12/14/78 J. M. H.*

PRODUCT LIABILITY COMMITTEE

JULY 27, 1978

A G E N D A

- I. WARNINGS & LABELING - JOHN GUFFEY (SEE PREVIOUS MINUTES)
- II. ENGINEERING - REVIEW ENGINEERING SECTION OF "BOOKLET")
- III. REPORT ON ASBESTOS INSTITUTE MEETING - JOHN GUFFEY
- IV. DISTRIBUTE BOOKLETS ENTITLED "COMPANY PROGRAMS TO REDUCE PRODUCTS LIABILITY"

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JUL 17 '78

LAW DEPARTMENT
GARLOCK INC.

Colt Industries



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OCT 18 '78

LEGAL DEPARTMENT
GARLOCK INC.

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Garlock Inc
Mechanical Packing Division
1666 Division Street
Palmyra, New York 14522
315/597-4811

Interoffice

To: See Distribution
Subject: PRODUCT LIABILITY COMMITTEE MINUTES

From: Michael E. Panarites
Date: August 1, 1978

Date and Time of Meeting: July 25, 1978

In Attendance:

F DeRosa	G LeRoy
J Guffey	M Panarites
P Hanke	H Schaefer
H Hughes	C Terr
J Kosowski	R Whittaker
A Kuzmuk	

Guests:

J Holwerda
J Peck

Not Attending:

D Holmes
E Kuhnen

1. Warnings & Labeling - Referencing minutes of the October 77 meeting Mr. Guffey wrote several letters to the Occupational Cancer Control Unit at Berkeley, California referencing labeling of asbestos products in industry (like Raybestos-Manhattan was doing). After several phone calls, we finally received letters from three different departments of the Department of Health located in Sacramento, California (copies attached), which in essence give instructions for labeling of asbestos containing wastes being disposed of, but say nothing regarding restrictions on the use of asbestos fibers in industry. It was therefore determined that our standard form of hazard label for asbestos products was acceptable for shipments.

2. Asbestos Information Association - Mr. Guffey reviewed information he had received from the AIA pertaining to Secretary of HEW Califano's announcement that several steps would be taken to "inform doctors, workers and others about the increased risks of asbestos exposure." These steps are shown on the attached sheets from AIA.

Mr. Guffey suggested that perhaps the Garlock Legal Department and a representative from Colt become more involved with the AIA.

3. Review Engineering Section of Product Liability Booklet -
Mr. Gordon LeRoy said that his department had reviewed this section of the P/L booklet and felt that we should begin to define and categorize our products as follows:

1. Made to customer specifications and designs.
2. Garlock design made to specifications of ASTM, RMA, etc.
(compressed asbestos sheet)
3. Garlock design but not to any specifications (Gylon)

Mr. LeRoy would be setting up a product review committee and felt that each profit center should set up their own committee.

There would be further discussion regarding the engineering aspects of product liability at our next meeting.

4. Effective September 1st, smoking privileges at the Garlock de Sherbrooke plant would be abolished. Also, no one would be hired who presently smokes. This is also being done by Johns/Manville.
5. Mr. Holwerda reported on legislation related to product liability in the various states and its affect on industry. He also discussed hold-harmless agreements.
6. Any additions or changes to these minutes should be brought to the attention of ME Panarites.

Distribution:	F DeRosa	E Kuhn	R Whittaker
	J Guffey	A Kuzmuk	
	P Hanke	G LeRoy	
	D Holmes	M Panarites	
	H Hughes	H Schaefer	
	J Kosowski	C Terr	

cc: J Holwerda

Colt Industries



Garlock Inc
Mechanical Packing Division
1666 Division Street
Palmyra, New York 14522
315/597-4811

Interoffice

To: See Distribution
Subject: PRODUCT LIABILITY COMMITTEE MINUTES
From: Michael E. Panarites
Date: November, 1978

Date and Time of Meeting: November 9, 1978, 8:30 am

In Attendance: J Guffey J Lynn
H Hughes M Panarites
A Kuzmuk H Schaefer
E Kuhnien R Stay
G LeRoy C Terr

Not Attending: D Holmes

1. Regularly scheduled meetings will be held on a monthly basis. Everyone must attend or send a representative. The next meeting is scheduled for Thursday, December 14 at 8:00 am in the Personnel Conference Room (6-1).
2. Product Liability Claim - State of Louisiana (prison) suing Belmont Distributor (Garlock Inc.) regarding an explosion of a pressure cooker. Our insurance carrier is Aetna and they have obtained local counsel in Baton Rouge. We are in the process of getting our papers together. Mr. Lynn will keep us informed.
3. Asbestos Booklet - It was the general consensus of the committee that the booklets should only be given out to those employees who work with asbestos. When an employee enters into a job in asbestos area he will be given an asbestos booklet during his orientation and asked to sign a card saying that he has read it. Mr. Panarites was to talk with Mr. George Townsend to get his approval on the above.
4. Labeling Program - Mr. Guffey said the program is going along well.
5. Gordon LeRoy spoke about the Product Review Committee they set up in Industrial Packing.

They broke it down into three categories:

- (a) Molded Rubber - Listed all auto parts. Got out all customer specifications and reviewed kinds of testing required by customer and found that we had relaxed our requirements and in doing M/C testing. We reinstated many tests because of the liability aspects of it.
- (b) Garlock Design Products - ASTM, RMA specs, etc. We have developed many new compounds, therefore, we must completely reverify that our products meet all requirements that we specify in the catalogs.
- (c) Garlock Design - Klozures, etc. - company has never had a formal program. Most testing done by customers. Do not have formal program. Very difficult to test returned goods from customers.

The other groups (Constructin Products, Hydraulic Components, Compression Packing), have not formed a Product Review Committee as yet and were requested to do so before the next meeting.

- 6. At our next meeting we would discuss the "Manufacturing" portion of the green booklet.
- 7. There was some discussion regarding a non-asbestos product pamphlet for company's who will not use asbestos products.
- 8. OSHA is looking at cotton dust. We do buy a lot of cotton products, but are looking into buying more polyester.
- 9. Any additions or changes to these minutes should be brought to the attention of ME Panarites.

Distribution:

- J Guffey
- H Hughes
- A Kuzmuk
- D Holmes
- E Kuhnen
- G LeRoy
- J Lynn
- M Panarites
- H Schaefer
- R Stay
- C Terr

cc: J Holwerda

RECEIVED

Colt Industries



DEC 19 78

LAW OFFICE
GARLOCK INC.

Garlock Inc
Mechanical Packing Division
1666 Division Street
Palmyra, New York 14522
315/597-4811

Interoffice

To: See Distribution
Subject: PRODUCT LIABILITY COMMITTEE MINUTES

From: Michael E. Panarites
Date: December, 1978

Date and Time of Meeting: December 14, 1978 - 8:00 am

In attendance: J Guffey
H Hughes
E Kuhnen
A Kuzmuk
J Lynn
M Panarites
C Terr

Not Attending: G LeRoy
D Holmes
H Schaefer
R Stay

1. Product Liability Claim - State of Louisiana -
Mr. Lynn said there was nothing further to report.
It would probably be a while before it goes into court.
2. Asbestos Booklet - Mr. Panarites said that Mr. Townsend agreed that the asbestos booklet should be passed out to those employees working with asbestos and those who are hired into the asbestos positions. It was decided that we would use the book issued by Lake Asbestos since we had a supply on hand. A committee would be formed to decide the best method to pass these booklets out.

3. Product Review Committee -

Hydraulic Components has formed a committee headed up by Charlie Terr.

Compression Packing - Mr. Roy Whittaker is chairman of their committee with Dave White (Engineering), Tom Crannell (Marketing) and George Hayes (Manufacturing) as members. They will meet the first Tuesday of every month.

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MEP
12/19/78

12/19
MEP

Construction Products has set up their committee and will be meeting next month.

4. A question was raised whether it would be possible for the salaried personnel who work around the asbestos could have a yearly x-ray like the hourly personnel. Mr. Panarites said he was sure this could be done and for them to check with the Medical Department to get it set up.
5. Mr. Panarites said that each group should write up reports on how their committees are doing, i.e. engineering, manufacturing, etc., relative to the product liability to keep the whole Product Liability committee abreast of all happenings.
6. The next meeting will be held on THURSDAY, JANUARY 18, 1979, 8:00 am, Personnel Conference Room (Bldg. 6-1).
7. Any additions or changes to these minutes should be brought to the attention of ME Panarites.

Distribution:

J Guffey
H Hughes
A Kuzmuk
D Holmes
E Kuhnen
G LeRoy
J Lynn
M Panarites
H Schaefer
R Stay
C Terr

cc:

J Holwerda

Colt Industries



Garlock Inc
Mechanical Packing Division
1666 Division Street
Palmyra, New York 14522
315/597-4811

Interoffice

To: See Distribution
Subject: PRODUCT LIABILITY MINUTES

From: Michael E. Panarites
Date: January, 1979

Date and Time of Meeting: January 18, 1979 - 8:00 am

In Attendance: H Hughes G Leroy
A Kuzmuk
J Lynn
M Panarites
C Terr
R Whittaker

Not Attending: J Guffey
D Holmes
E Kuhnen
H Schaefer
R Stay

1. Asbestos Booklet - After a meeting between Alex Kuzmuk, John Guffey and Mike Panarites, it was decided that we would use the wording from the Resinold booklet and incorporate the Garlock/Colt name with a few minor changes. Mr. Panarites is to work with the Advertising Department to get the books printed up.

There was also discussion on having health work rules put into the "Plant Rules". If the rules were violated, than disciplinary action could be taken. This will be under consideration and will be discussed at our next meeting.

2. There are several films available on the discussion of smoking and working in asbestos (Johns Manville and the FSA have produced them). These films will be looked at by the committee to see if they would be worth showing to our employees.

-continued on back-

B-1/2
Rum
2/1
1/2/1

3. Mr. Panarites asked for an update from the various units if their committees had been set up and if so, how their meetings were doing. Mr. Panarites stated that he had received minutes from some meetings held in the Hydraulic Components Unit. All Units have set up committees with the exception of Industrial Packing who have only the Engineering Committee at present (headed up by Gordon LeRoy).
4. OSHA - NEW REGULATIONS ON LABELING - Mr. LeRoy stated that shortly OSHA would be releasing a new policy regarding the labeling of asbestos products that are incapsulated (such as our C/A Sheet). You will no longer have to label this type of product with a warning about asbestos.
5. The next meeting will be held on THURSDAY, FEBRUARY 15, 8:00 AM in the Personnel Conference Room (Building 6-1).
6. Any additions or changes to these minutes should be brought to the attention of ME Panarites.

Distribution:

J Guffey
D Holmes
H Hughes
E Kuhnien
A Kuzmuk
G LeRoy
J Lynn
M Panarites
H Schaefer
R Stay
C Terr
R Whittaker

cc:

J Holwerda
P Hanke

RECEIVED

Colt Industries



1979 79

Garlock Inc
Mechanical Packing Division
1666 Division Street
Palmyra, New York 14522
315 597-4811

Interoffice

To: See Distribution
Subject: PRODUCT LIABILITY MINUTES

From: Michael E. Panarites
Date: February, 1979

Date and Time of Meeting: February 15, 1979 - 8:00 am

In Attendance: H. Hughes
J. Lynn
M. Panarties
R. Stay
C. Terr
R. White.

Not Attending: J. Guffey
D. Holmes
E. Kuhn
A. Kuzmuk
G. LeRoy
H. Schaefer

1. Asbestos Booklet - It was decided that we would be making up our own booklet and using some of the ideas from Resinold and some of our own to make it more personal. Mr. Panarties would be getting together with Advertising to have them make up a booklet for us to see at the next meeting before going to press.
2. It was brought to the attention of the Committee that Nicolett was charged by their union that they were discriminating against the employees by requesting a no smoking ban in their plant. The case was taken to arbitration and the arbitrator found in favor of the union. Mr. Panarites said that this decision is not binding to other companies.
3. Ron Stay said the marketing department had set up a reporting system from the salesmen to tell them what companies were not going to buy any asbestos products in the future. Mr. Stay had a notebook filled with these reports which probably contained around 200+ companies. We, as a company, are not condemning the asbestos products we make, but tell our customers we do have alternatives. Kind of a 'soft-sell' - alternatives do not last as long and cost more, etc.

continued.....

*Run
3/9*

3/9/79

4. Discussion of labeling process - it is felt that the labeling of our products with the asbestos warning has not hurt us in the business.
5. Jack Lynn informed us that there are approximately 70 new court cases on asbestos against Garlock.
6. Mr. Panarites asked that those units who have committees to review the 'green book' and that we would be going over the marketing area at our next meeting. Mr. Panarites also stated that most of the work we had done was in the area of asbestos and that we should begin to expand into other areas.
7. The next meeting would be held on Thursday, March 15, 1979 at 8:00 am in the 6-1 conference room.
8. Any additions or changes to these minutes should be brought to the attention of ME Panarites.

cc: J Holwerda
P Hanke

Colt Industries



RECEIVED

APR 4 '79

LAW DEPARTMENT
GARLOCK INC.

Garlock Inc.
Mechanical Packing Division
1666 Division Street
Palmyra New York 14522
315/597-4811

Interoffice

To: See Distribution
Subject: PRODUCT LIABILITY MINUTES

From: Michael E. Panarites
Date: March 1979

Date and Time of Meeting: March 15, 1979 - 8:00 am

In Attendance: J Clement
H Hughes
A Kuzmuk
J Lynn
M Panarites
C Terr

Not Attending: J Guffey
D Holmes
E Kuhnien
G LeRoy
H Schaefer
R Stay
A Johengen

1. Xerox copies of the Colt/Garlock Asbestos booklet were passed out at the meeting for everyone to look over and offer the opinion on any changes or corrections that should be made. For those not attending the meeting, copies will be sent out with the minutes. After all changes/corrections have been made and the "brown copy" has been approved by the committee, it will be forwarded to Colt in New York for approvals by the safety and legal departments before going to press.
2. Mr. Terr from Hydraulic Components stated that they had given out copies of excerpts from the green booklet on marketing/sales to their sales people. It was suggested that other units do the same.
3. Joan Clement, Manager of Advertising, was our guest and spoke about the information that is printed in the catalogs on the chemical content, what the product is capable of doing, etc. should be approved and made sure it is correct by each unit before it is submitted to the advertising department for printing. It is not the responsibility of the advertising department to do this.

continued.....

4. Because there was limited attendance at the meeting, it was adjourned.
5. The next meeting will be held on Thursday, April 12, Personnel Conference (6-1) at 8:00 a.m.
6. Any corrections or additions to these minutes should be brought to the attention of Michael Panarites.

) cc: J Holwerda
P Hanke

Attachment

)

RECEIVED

LF 130123

AUG 20 '79

LAW OFFICE
GARLOCK INC.

A NUMBER OF SUBMITTERS HAVE BEEN RECEIVED
THEY ERR ON THE SIDE OF EXTRA
SAFETY

1-8/22/79

GARLOCK

Compression Packing
Product Liability Committee

Minutes of Meeting:

Wednesday, August 15, 1979

Attended by:

KM Artl
TJ Donovan
GD Hayes
JD Lynn
FA Piccola
RE White

Discussion centered around class action suits involving compression packing products and the amount of our liability in application recommendations made by our people.

In regards to asbestos, there has not yet been a Colt policy set forth. We are bound, however, to conform to all labeling and OSHA regulations. All dry asbestos styles have been dropped; any asbestos products produced by GARLOCK are encapsulated for safe handling. No orders are being accepted for dry asbestos products. When customers inquire as to why we no longer carry dry asbestos, we need only tell them that the line has been dropped for convenience. Should advise them, however, to discontinue use of dry asbestos unless they are willing to take the necessary precautions for safe handling. Our labeling system advises our customers of their responsibility to take precautions in the handling of all asbestos products by their employees or customers.

Most lawsuits currently on the books are for shipyards; others for our customers' customers. No employee suits. No case has gone to court as yet.

TRIAL

Under our "Conditions of Sale," legally we are bound only to replace or refund customer's money if our product fails. It must be proven that our product failed and that failure was not the customer's improper installation. We are bound to supply customer with a product that will work under the conditions outlined. If an order is received with the application information on the order, it is our responsibility to advise the customer that the product is not meant for the application if such is the case.

Our distributors are acting as GARLOCK representatives and are assumed to have all the application information we do. It is our responsibility to keep them informed.

In cases where we buy our products from a supplier for resale, both GARLOCK and supplier are liable for failure of product.

Not
out

Rev
8/22

When supplying a customer with a sample of a new product on which all testing has not been completed, it is advised that evidence, in writing, be provided that states, "supplied for evaluation only ... no test data available." It is GARLOCK's responsibility and not our distributors' to include this written evidence. Also, it is recommended that we have a follow-up system to collect the name of the end-user and results of using the new product for our product file and future use. This should be done on every sample or sale of service order.

GARLOCK distributors must be informed that when breaking up a package of material that had contained a warning, the partial package must still contain the warning when sold to the end-user. If necessary, additional warning tags should be supplied by GARLOCK. Once notice has been given to distributors, it was recommended that GARLOCK salesmen check to be sure distributors comply with this requirement.

GARLOCK currently has the cleanest, safest methods of handling asbestos products in the industry. The question arose as to whether we receive additional business because of it.

The employee manual regarding hazardous materials is in the hands of ME Panarites in order to get Colt approval before distribution.

GARLOCK has not made any decision at this time in regard to smoking employees working with asbestos products.

All Material Safety Data Sheets distributed by Compression Packing are currently written by HR Hughes of the Lab in Palmyra.

Next meeting to be held Wednesday, September 12, 1979 at 10 o'clock a.m.

KM Artl
8/17/79

**before
you
begin**

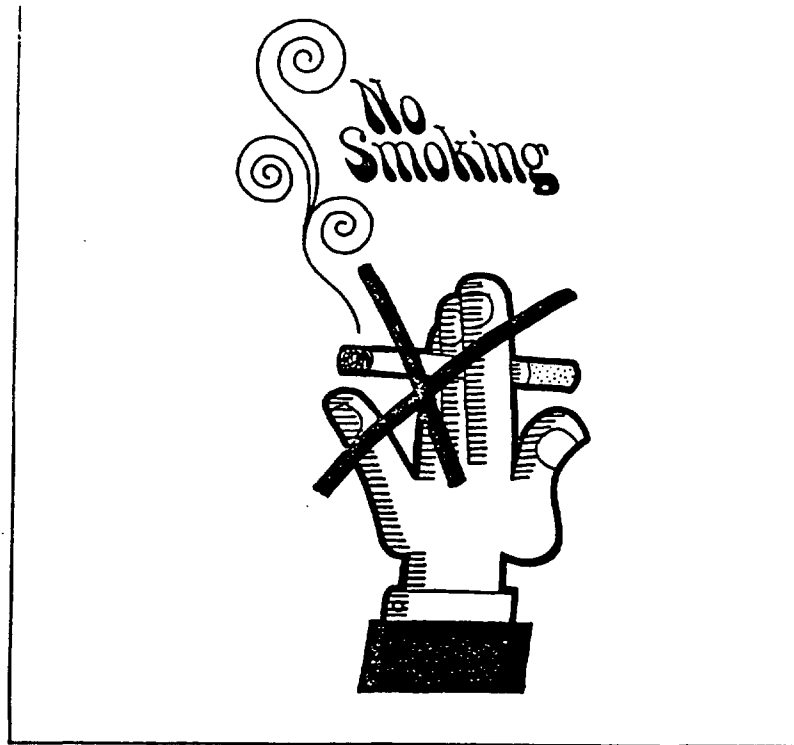
There are Some Things You Should Know...



Every person employed at GARLOCK where asbestos fiber is used should know that breathing excessive amounts of asbestos causes certain health problems.

GARLOCK has taken many steps to protect you from exposure to harmful amounts of asbestos fiber. To make these steps effective, you must follow safe working rules on the job.

The health problems



The health problems that have been connected with exposure to asbestos are these:

- Breathing excessive amounts of fiber in the air might result in a disease called asbestosis — a scarring of the lung tissue, which when severe makes it difficult to breath properly.
- Persons who smoke cigarettes and inhale excessive amounts of asbestos dust are at a greater risk of developing lung cancer. Asbestos alone does not appear to cause this disease, but it can make people who smoke cigarettes more likely to develop this cancer. Studies show that if you don't smoke cigarettes, asbestos exposure does not increase your risk of getting lung cancer.
- Persons exposed to excessive amounts of asbestos have a greater risk of developing Mesothelioma which is a rare cancer of the lining of the chest or abdomen. There also is some indication from unconfirmed studies that there might be a greater incidence of cancer of the digestive tract in persons exposed to excessive amounts of airborne asbestos.

The health problems

You will be required to do certain things on the job to help us protect you. Some of these are:

1 You must do everything you can to prevent dust or getting asbestos fiber into the air where it could be inhaled.

2 In some areas you may at times be required to wear a respirator temporarily or other forms of personal protective equipment. You **must** wear this equipment properly whenever it is necessary.

3 You will be requested not to smoke on the job if you might be exposed to asbestos. You will be urged for your health's sake to quit smoking completely.

4 You will not be permitted to take any asbestos material home from the plant in order to prevent exposing others. You will use facilities provided to change work clothes, and wash before going home.

5 If equipment is not working correctly, you must report it to your supervisor immediately.



Be concerned — not alarmed. Present cases of health problems we mentioned are related to working conditions that existed many years ago. As we became aware of risks, we began spending considerable sums of money to upgrade dust control systems to prevent excessive asbestos exposures. We are confident that as long as employees follow safe work rules and equipment is operated properly, no employee will be exposed to hazardous amounts of asbestos fiber in our operations.

To assure continued control of risk, the company will regularly check asbestos-using operations with trained personnel. You must cooperate with these trained employees when they check your work areas.

Government inspections may be made of our facilities to make sure you are not being exposed to hazardous levels of asbestos. The government has set standards that limit how much asbestos you can be exposed to. We have taken steps to abide fully with those regulations.

**Be concerned,
not alarmed**

VIOLATION OF HEALTH WORK RULES CAN RESULT IN DISMISSAL.

After you begin work, you will be given an opportunity to learn more about the potential health risks of asbestos and what the company is doing to protect you on the job. You will be taught how to use personal protective equipment and other methods of protecting yourself. Because of the efforts of GARLOCK and your own efforts, it is likely that you will be as safe working for GARLOCK as in any other occupation or endeavor.

That is the way we want it. We will not take chances with your health and we won't allow you to take chances with it.

Violation of health work rules can result in dismissal.

After you begin work

Tear off this form on the dotted line.

Hand in the form but keep this booklet and refer to it often.

Have you read the whole
booklet?

_____Yes _____No

Do you understand the health
risks connected with asbestos?

_____Yes _____No

Do you understand that
smoking cigarettes increases
the health risks connected
with asbestos?

_____Yes _____No

Do you understand that you
will have to follow certain work
rules set by the company to
protect you?

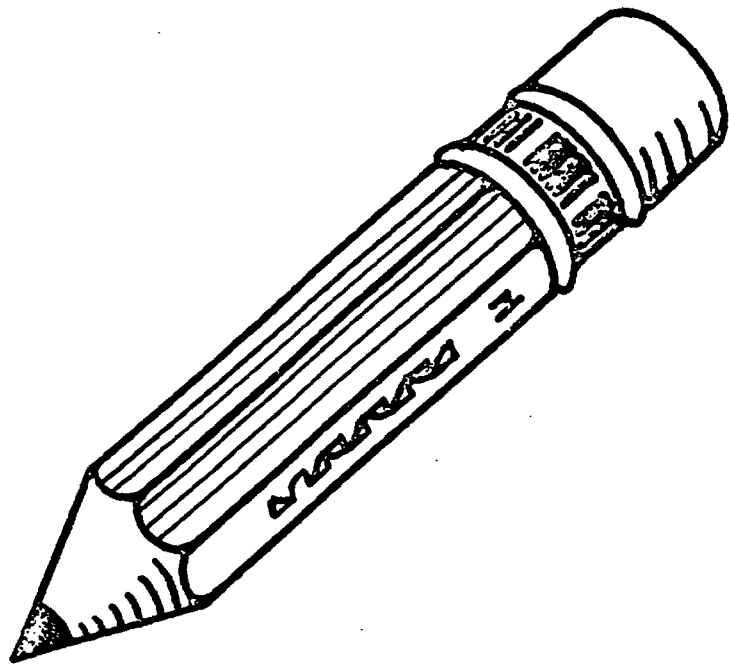
_____Yes _____No

Please sign your name and put today's date below.

Signed _____

Date _____

REFER TO THIS BOOKLET OFTEN



So we can be sure you have read this booklet and know about the potential risks connected with your job and the strict rules you must follow, we would like you to fill out the form at the right and return it to us. The form must be forwarded to your supervisor before your first pay period ends.