

MINUTES
EXECUTIVE COMMITTEE MEETING
NATIONAL PAINT, VARNISH & LACQUER ASSOCIATION, INC.
MAYFLOWER HOTEL, WASHINGTON, D.C.
OCTOBER 29th, 1940

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A regular meeting of the Executive Committee of the National Paint, Varnish and Lacquer Association, Inc. convened at 1:45 P. M. Tuesday, October 29th, 1940 at the Mayflower Hotel in Washington, D. C. with the following in attendance:

T. J. CAMPBELL
E. A. FOY, JR.
M. L. HAYEY
HOWARD KILLOGG
S. R. MATLACK
L. P. MOORE

E. E. MORTON
E. S. PHILLIPS
J. V. REARDON
WILLIAM RICHTER
CHARLES J. ROH

A. W. STEUDEL
F. L. SULZBERGER
ERNEST T. TRIGG
H. E. WEBSTER
H. S. WHELFETT
VAL WURTELE

Guests

E. D. GRIFFIN

GEORGE JENKIN

H. A. MEUM

Association Staff

H. A. GARDNER

M. Q. MACDONALD

REUEL W. ELTON

Absent

D. W. FIGGIS
W. I. LONGSWORTH

BENJAMIN PALMERSON, Jr.
C. N. SEIDLITZ

Call to Order

The Chairman, Mr. Charles J. Roh, called the meeting to order and extended a welcome to the guests.

Minutes of the Last Meeting

On a call for the minutes by the Chairman, the Secretary stated that the minutes of the previous meeting had been mailed to all members of the committee, and that the agenda for this meeting would take care of any unfinished business carried over from the last meeting. The Chairman stated that if there were no objections the minutes of the last meeting would be approved without reading. It was moved by President Trigg, seconded by Mr. Campbell, that the minutes of the meeting of the Executive Committee held on July 25th, 1940, be approved without reading. Motion carried. ✓

Report of the Budget and Finance
Committee and of the Treasurer

The Treasurer, Mr. S. R. Matlack, stated that at the meeting of the Budget and Finance Committee held this morning, a recommendation was presented for consideration in connection with the possibility that certain employees of the National Paint, Varnish and Lacquer Association might be called in connection with the selective service program of the Federal Government. At the request of the Treasurer, President Trigg stated that seven employees of the National ✓

Association are subject to registration under the Selective Service Act and the Budget and Finance Committee was of the opinion that some provision should be made regarding the continuance of employment by the Association of these employees if and when any of them may be called into the federal service.

Following a general discussion of the subject it was moved by President Trigg, seconded by Mr. Reardon, that the following provisions apply in case any employee of the National Paint, Varnish and Lacquer Association is called into service under the Federal Conscription Act:

1. For any possible future considerations, we will consider said training period as included in the employee's service record with us.
2. That we will continue their coverage under our group life insurance policies during the training period.
3. That the positions now occupied by these men will be made available to them after the training period or one equally as satisfactory.
4. That transfers and promotions to temporarily fill vacancies will be considered only temporary.
5. Any new employees which may be hired to fill vacancies will be considered only as temporarily employed.
6. That the foregoing statement of policy is limited to peacetime military service for one year.
7. That said policy will be rescinded in the event the United States enters the war during said year.

Motion carried.

It was moved by Mr. Campbell, seconded by Mr. Reardon, that a committee consisting of the President, the Treasurer and the Chairman of the Executive Committee be appointed to which individual cases of induction into the federal service will be referred as they arise for consideration of any financial adjustment deemed advisable. Motion carried.

The Treasurer reported that the Budget and Finance Committee at its meeting had reviewed the comparative balance sheet for the year ending September 30th, 1940, and the statement of income and expenses for the fiscal year ending September 30th, 1940 (copies attached). He pointed out that the omission of the item on depreciation which is strictly a bookkeeping item would give the Association a working surplus for the year. He stated that the transfer of the headquarters from 2201 New York Avenue, N.W. to 1500 Rhode Island Avenue, N.W. would show a net profit of something more than \$5,000.00. Mr. Matlack stated the Budget and Finance Committee had reviewed all of the accounts of the Association and considered the Association to be in good financial condition. He stated that the accounts had been audited by Ernst and Ernst, and that a copy of the auditor's report was available for review by any member of the committee who might care to see it.

Chairman Roh stated that the Budget and Finance Committee had found no exceptional items in the reports of the Treasurer or of the auditor, and stated that the budget had been in effect a control budget which had worked out exceptionally

well. He pointed out as an instance of this close control the fact that the budget for administration had been \$98,900.00 whereas the expenses for administration were \$98,749.00. Referring to the Treasurer's comments on the item for depreciation, he stated that the organization takes care of its accounting by charging off certain amounts for depreciation, amounts which have no place in the costs of operating the Association and that by eliminating the depreciation item the Association is operating in the black as it has been doing for several years. He stated that the Association has maintained a good cash position throughout the years and is in a sounder position this year than last due to additional cash resulting from the change in the Association Headquarters.

It was moved by Mr. Wurtele, seconded by Mr. Webster, that the report of the Treasurer and of the Budget and Finance Committee be accepted and filed. Motion carried.

Reinvestment of Funds

The Chairman stated that the committee appointed at the last meeting of the Executive Committee authorized to invest \$40,000.00 realized on the sale of government bonds which had been called, had performed its duty. He referred to the fact that the Association has approximately \$100,000.00 invested in government bonds and \$10,000.00 invested in municipal or state bonds. At the request of the Chairman, the Secretary read the following report:

"The Executive Committee at its last meeting authorized a committee made up of the Chairman of the Executive Committee, the Treasurer and the President to invest funds realized on the sale of U. S. Government bonds in the amount of \$40,000.00 which were called and which, on the recommendation of the Riggs National Bank, were sold.

"On the recommendation of the Riggs National Bank, and with the unanimous approval of the committee of three, the \$40,000.00 was reinvested in the following government securities: \$15,000.00 in United States of America Treasury two and one half percents due December 15th, 1953-49 at 105 18/32nds.

"\$22,700.00 in United States of America Treasury at two and three quarter percents due June 15th, 1954-51 at 107 15/32nds."

Report of Scientific Section

Copy attached
for record.

Dr. Gardner stated that the Scientific Section Committee had held its usual meetings during the year, and that a detailed report had been printed and mailed to all members and that in the interests of time he did not deem it necessary to present the report in detail at this meeting. He stated that just a week ago an arrangement had been completed with the manufacturers of asbestos shingles in connection with their method of advertising. He stated that practically all of these manufacturers had based their sales very largely on their statement that their product needs no paint; through correspondence a conference had been arranged with their representatives at which time it was agreed that from now on manufacturers of asbestos shingles would refrain from making any statement reflecting upon paint or upon the paint industry. Dr. Gardner expressed the hope that the paint industry would reciprocate in this action and that the members thereof would refrain from making any statements derogatory to the use of asbestos shingles. He stated that manufacturers of asbestos shingles are beginning to realize that in order to have their product look beautiful and wear a long time it needs to be painted. He stated that he had been advised that five hundred million square feet

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of cement asbestos siding had been sold this past year. He stated that the manufacturers of asbestos siding had tested many products and at the present time seemed to favor chlorinated rubber paint which is available only in limited sections of the country. He stated that they are anxious to find some general product which will be available throughout the United States, and he said that he had advised them that tests conducted by the Association for the past four years in Florida and in Washington indicate that a primer coat of varnish followed by a regular linseed oil house paint with varnish added will give satisfactory results. He stated that seven producers of asbestos shingles are now cooperating with this Association in the development of some rather extensive tests on the products made by each of those producers in three different sections of the United States. He stated that the asbestos siding manufacturers will furnish their materials, the paint industry will furnish the paint and the labor, and the tests will be set out early this winter. Dr. Gardner stated that the producers cooperating in this test are as follows: The Flintkote Company; Philip Carey Company; Lee-Hone Company; Tyler Roofing Company; Asbestos Limited; Johns-Manville Corporation; and U. S. Gypsum Company. He stated that 80% of asbestos siding being distributed at this time is white, but that it does get dirty, - it does mildew, - and it is not waterproof. He stated that these manufacturers are convinced that paint will cure those troubles.

Dr. Gardner reported on a new product being manufactured by the asbestos siding people in the form of a vitreous finish. Their ordinary product is sprinkled with powdered glass, passed through a high temperature furnace in which the glass is fused, and comes out of the furnace as a glass or vitreous tile. It is produced in various colors and in the opinion of the manufacturers will never need paint. Dr. Gardner stated that only time will tell whether or not the material will crack or flake or develop other failures.

Dr. Gardner reported on the effective work being done by George Priest as Technical Field Director. He referred particularly to the publication by Agricultural Colleges of booklets on painting subjects which do not present a fair picture from the paint manufacturers' point of view. He referred to a booklet just about to be issued by the North Dakota Agricultural College and stated that Mr. Priest had been successful in arranging with the author of that book, Professor Carrick, to agree to a preview of the copy for the publication and to make certain changes which in his opinion will make it possible for paint manufacturers to recommend the use of that booklet in connection with farm painting.

In answer to a question by the Chairman, Dr. Gardner stated that he did not know of any startling new developments in connection with substitutions for China Wood Oil. He stated that as nearly as he can ascertain there may be as high as ten million pounds of American tung oil available this coming year which would be the largest domestic crop ever produced. He stated that information from Brazil indicates that there will probably be twenty million pounds of oiticica oil available. He stated that there is great activity in the laboratories of the country in treating soybean oil and linseed oil, and he said that there is every reason to suppose that the industry will be using more linseed oil than it did last year in replacement of some of the quicker drying oils.

President Trigg stated that Mr. Priest's appointment as Technical Field Director has been very well received by the members of the industry and that he has already been able to establish very good contacts with the various departments of the State Government, and that immediately following the convention he will be following up these contacts made through correspondence by personal visits. He stated that Mr. Priest has carried on considerable correspondence with agricultural

departments and extension departments in many of the states, and has found a quick acceptance of the Association's suggestion for cooperation in connection with their paint problems.

Non-Exchange -- J. E. Harris Company

The Secretary read the following memorandum to members of the Executive Committee by President Ernest T. Trigg:

"A report of alleged violation of the Non-Exchange Agreement on the part of the J. E. Harris Company, Wooster, Ohio, handled thru their Atlanta branch, has been the subject of considerable correspondence which has resulted in a settlement on their part.

"This correspondence which started out with a considerable misunderstanding, has resulted in a clarification of the purpose and operation of the Non-Exchange Agreement as evidenced from a sentence in a letter from Mr. Harris dated August 24th last, reading -

'The interpretation you have given my remarks, I believe fully justify you in your conclusions as stated in the second paragraph on page two of your letter of June 6th. In fact, I agree with you that the present Non-Exchange agreement is intended to prevent the manufacturer from accepting, under any circumstance, the return, exchange or disposal of a competitors products.'

"In concluding this report to the Executive Committee, I desire to quote from Mr. Harris' letter of September 19th, with which he sent check in settlement as follows:

'It is my understanding that in settling this matter, you will incorporate in your files our position that we have not willfully or actually violated the terms of the Non-Exchange Agreement.'

By-Laws - Executive Committee Advisory
Membership

The Secretary read the following memorandum presented by the By-laws Committee:

"It is proposed to revise Article 3 of the By-laws by changing sections 11 to 14 inclusive to sections 12 to 15 inclusive, and adding new section 11 as follows:

'Section 11. Any individual representative of a Class A member of the National Paint, Varnish and Lacquer Association who has rendered distinguished service to the Association or to the industry may upon unanimous nomination by the Executive Committee be elected an advisory member of the Executive Committee by a two thirds vote at any regular meeting of the committee. Such election shall be for the term of one year and no advisory member shall be eligible for re-election as an advisory member for more than three consecutive years.

Advisory members of the Executive Committee shall have full privileges of discussion at all meetings of the committee and shall be eligible for appointment to any sub-committee of the Executive Committee. Advisory members shall not have the privilege of vote. At no time shall there be more than six advisory members'."

The Chairman reported that all members of the committee had received copies of this proposed revision of the By-laws for their consideration and he requested an expression of their wishes. It was moved by Mr. Phillips, seconded by Mr. Reardon, that the proposed amendment of the By-laws be approved. Motion carried. ✓

Reports of Resolutions or Recommendations

The Secretary reported that no other resolutions or recommendations were included in committee reports for consideration by the Executive Committee.

1941 Convention Invitation

President Trigg stated that Mr. Frank C. Clarke of the Pittsburgh Plate Glass Company of St. Louis and Mr. J. Vincent Reardon of St. Louis had requested permission to present to this committee St. Louis' invitation for the 1941 convention. Mr. Clarke was brought into the meeting and was introduced to the members of the committee.

Mr. Clarke stated that he had been appointed by representatives of the industry and of the city of St. Louis to come before this committee to request that something be done which had not been done in more than 20 years, namely, hold a national convention of the National Paint, Varnish and Lacquer Association in the city of St. Louis. He stated that since the convention of 20 years ago hotel facilities have been greatly improved, and that practically all of the major conventions of the country had been held in St. Louis during the last 10 years with the exception of this, the most important convention of all. He stated that this invitation was not the result of hasty thought, that it had been given careful consideration for the past 2 or 3 years, and that the invitation had only been sidetracked in the past 2 or 3 years because it appeared logical for the convention to go elsewhere. He presented to the committee a formal invitation in book form containing letters from the Mayor of St. Louis, from the Chamber of Commerce - various civic organizations - the Hotel Mens Association, and from the St. Louis Paint, Varnish and Lacquer Association, and he expressed the hope that this committee would give the invitation serious consideration and stated that the industry in St. Louis would very much like to have the invitation accepted. Following this presentation Mr. Clarke was excused from the meeting. ✓

The Chairman stated that the policy heretofore followed by the Executive Committee in the selection of a site for the National Convention was to appoint a subcommittee at the organization meeting in January with authority to select a meeting place for the next convention. Mr. Reardon stated that the members of the St. Louis Local Association thoroughly understand that procedure and are not suggesting any change in the procedure. The Chairman stated that if no change in procedure were requested, the invitation presented by the St. Louis Association would be considered by the special committee to be appointed in January. Mr. Reardon thanked the members of the committee for their consideration. ✓

Membership

The Secretary reported the receipt of applications for the reinstatement of the following Class A memberships:

GENERAL PAINT CORPORATION, San Francisco, California
THE GLIDDEN COMPANY, Cleveland, Ohio

and applications for membership from the following concerns:

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Class "A"

AMERICAN PAINT MFG. CO., Birmingham, Alabama
CHEMICAL PRODUCTS CO., Baltimore, Maryland
J. D. HARRIS AND COMPANY, Cambridge, Mass.
JAMESTOWN FINISHING PRODUCTS, INC., Jamestown, N.Y.
PAINT ENGINEERS, INC., Hawthorne, N.J.
RED SPOT PAINT & VARNISH CO., Evansville, Ind.

Class "B"

HEYDEN CHEMICAL CORP., Garfield, N. J.
MICHIGAN ALKALI COMPANY, Wyandotte, Mich.
NATIONAL RUBBER MACHINERY CO., Clifton, N.J.
TAYLOR-LOWENSTEIN CO., Mobile, Alabama

Class "E"

BELKNAP HARDWARE & MANUFACTURING CO., Louisville, Ky.

It was moved by Mr. Campbell, seconded by Mr. Webster, that the applications for membership as presented be approved. Motion carried. ✓

President Trigg stated that in connection with his report to the industry he expected to again report an increase in membership for the year just ended. He stated that each year for the last seven years since the National Paint, Varnish and Lacquer Association was created, an increase in membership over the preceding year had been reported. He stated that one of the gratifying indications in the membership results for the past year is in the fact that a substantial number of concerns who were at one time members, and who for one reason or another dropped out, have now come back into membership. ✓

The Chairman expressed particular satisfaction in connection with the reinstatement of the membership of the General Paint Corporation since that membership had been cancelled because of the company's refusal to accept the uniform dues schedule. He stated that the question of dues schedule does come up once in a while, but that the approved schedule is based on the stake that each company has in the industry as a whole with any preference there might be given to the smaller units in the industry. He stated that the return of these large organizations is a justification of the principle of "one for all and all for one" with all members contributing to the cost of the organized promotion and protective program of the industry on the same scale. He expressed the belief that members of this industry should get satisfaction from the knowledge that with very few exceptions all of the larger interests in the industry are supporting the Association program with dues based on their stake in the industry. ✓

The Secretary presented the following lists of memberships for cancellation:

Class "A"

Bradley Manufacturing Co., Boston, Mass. - out of business.
Gates Paint Manufacturing Co., Charleston, W. Va. - account collected through attorneys.
National Products Company, Detroit, Mich. - financial difficulty.
Norfolk Paint and Varnish Co., North Quincy, Mass. - account collected through attorneys.

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H. Peterman, Inc., Brooklyn, N.Y. - financial difficulty.
F. O. Pierce Co., Brooklyn, N.Y. - company in reorganization.
St. Germain Bros., Inc., Duluth, Minn - practically out of business.
Superior Varnish & Drier Co., Merchantville, N.J - business almost
entirely with printing ink industry.
Tripod Paints, Inc., Atlanta, Ga. - discontinued manufacturing.

Class B

National Starch Products, Inc., New York - interest too remote.
Sharp Manufacturing Co., Los Angeles, Calif. - Not sufficient
interest in paint industry.

It was moved by Mr. Reardon, seconded by Mr. Haver, that the memberships of the firms listed be cancelled. Motion carried. ✓

Birmingham Paint Dealers Assn.

The Secretary read a communication from the Secretary of the Birmingham Paint Dealers Association requesting the affiliation of that association with the National Paint, Varnish and Lacquer Association, and agreeing to abide by the By-laws as proposed by the National Association.

In answer to a question by Mr. Reardon regarding the possibility of changing the name from "Birmingham Paint Dealers Association" to "Birmingham Paint, Varnish and Lacquer Association", President Trigg suggested the advisability of accepting the association under its present designation and to continue to work for a change in the name to the same form as used by a majority of the other affiliated organizations.

It was moved by President Trigg, seconded by Mr. Campbell, that the affiliation of the Birmingham Paint Dealers Association with the National Paint, Varnish and Lacquer Association be approved. Motion carried. ✓

Election of Advisory Members

President Trigg suggested that in the interest of saving time he would like to propose the election of Mr. Herbert Rice and Mr. Parmer Fuller as advisory members of the Executive Committee subject to the approval by the convention of the amendment to the by-laws proposed earlier in this meeting. The motion was seconded by Mr. Phillips, and was duly carried. ✓

Legislation

Mr. Macdonald reported that within the last week or ten days Association Headquarters had received a copy of a painters license ordinance presented in the city of Denver, Colorado. He stated that it contains the usual provisions - a board of examiners - examination - a license fee of \$25.00 - suspension of license, and so on. He stated that it follows very closely the usual objectionable bill and that Mr. Pitt, Vice-Chairman of the National Legislative Committee, has communicated with members of the Association in Denver with the Building Owners and Managers Association--the Hardware Association--and the Lumber Dealers Association.

Mr. Macdonald stated that a prison paint plant has been proposed in West Virginia, and that while the latest information is not available, it is understood that the equipment has already been contracted for, having been contracted

for before any member of the Association staff was informed of the situation. He stated that one of the difficulties in connection with detecting the establishment of prison paint plants is the fact that no legislation is required to establish them as a rule since the prison administrators have full authority to conduct the work of the shops and can select their own line of activity. He stated that another prison paint plant is projected in North Carolina. He stated that rather early news was available on that situation and that a protest had been made to the prison authorities and to the entire North Carolina Highway Department, which has jurisdiction over state prisons in North Carolina.

Mr. Macdonald stated that the Virginia Formula Labeling Law which has been on the books since 1922 has suddenly come to life. Although this law has never been enforced in Virginia, word has been received from the administrator within the past ten days that he is planning to enforce the law. The law is very broad and is not clear as to the type of product covered - it follows the general pattern of all state formula labeling laws and it is our understanding that the officials are planning to have it applied to products other than house paints - for example enamels, stains and roof coatings. The Richmond Paint, Varnish and Lacquer Association is to have a conference with the state enforcement officers and it is proposed that representatives of manufacturers from adjoining states and representatives from association headquarters be invited to be present. He stated an effort will be made to limit the law to the usual scope of such laws, that is to say, to house paint.

In answer to a question by Mr. Sulzberger, Mr. Macdonald stated that an engineering concern by the name of John Wald Company of Pennsylvania is promoting the sale of not only prison paint machinery, but all kinds of equipment for prison industries, and that the company will not only sell and install whatever equipment prison administrators may be interested in, but will also arrange for competent supervision of the plant until prison authorities can take it completely under their own supervision. Mr. Macdonald stated that prison administrators are pressed today as never before for a diversification of prison industries and in view of recent legislation still further curtailing the market for prison goods, will probably be even more alert to increase their own activities.

Mr. Roh referred to the fact that in New Jersey where they have a good prison administrator a committee of paint men called on the administrator to endeavor to persuade them to stop making paint. He stated that the paint men had practically no answer to the administrator's question as to what to do with prisoners if they did not occupy their time in constructive industry. He stated that the administrator convinced two or three members of the committee that they should assist the administrator in his efforts rather than ask him to give up this activity.

Unfair Competition

In answer to a question by Mr. Richter, President Trigg stated that the Unfair Competition Bureau and the Special Unfair Practices Group are doing a splendid job. He stated that practically all of the concerns of consequence doing business in the furniture field have accepted the Cincinnati agreement, and that the group in their enthusiasm for what they are doing is getting stronger right along. There followed an informal discussion of the work of the Association in this field.

Assignment of Claims Against the United States

President Trigg stated that representatives of the Painting and Decorating Contractors of America had called on him just prior to this meeting to discuss the question of financing government contracts on which the contractors could not realize any payments for from sixty to ninety days. He stated that he had explained to the painters' representatives that the Association has nothing whatever to do with terms granted by members of the industry, but that he had called their attention to the fact that under date of October 9th, 1940, an amendment to the Miller Act became a law authorizing the assignment of claims of \$1,000.00 or more on the United States to a bank, a trust company, or other financial institution, including federal lending agencies. Following a discussion of this general subject, President Trigg stated that this matter will be presented in a letter to all members of the Association. This letter is now being prepared and there is attached a copy of the memorandum "Assignment of Claims Against the United States."

Executive Committee Agenda

In the interest of more general discussion at Executive Committee meetings, Mr. Richter suggested that at the time notices are sent out calling a meeting of the committee, members of the committee be requested to submit subjects which they would like to have discussed at the meeting, and that several days before the meeting an agenda for the meeting be prepared and mailed to each member of the committee so that each member might be better prepared to discuss the subjects under consideration. President Trigg stated that the procedure would be followed.

Annual Wage

In answer to a question by Mr. Foy as to whether or not any manufacturer in this industry is using an annual wage instead of an hourly wage for his employees, the Chairman stated that he did not know of any such and no other member of the committee volunteered any information on the subject.

Spray Painting

Dr. Gardner reported that six representatives of the Painting and Decorating Contractors of America had called on him this morning to request information regarding the correct method to be used in applying paint on government cantonments with spray guns. He stated that these representatives were much pleased with the authorization to use the spray gun in connection with the painting of cantonments, but stated that house paints were inclined to fog when applied in this manner. Dr. Gardner advised them that the spray guns they had been using were probably too highly atomized or under too great pressure, and that the satisfactory use of the spray gun would be merely a matter of equipment adjustment.

Farewell to Retiring Members

President Trigg expressed appreciation for the industry and for the Association to the six members of the committee whose terms of committee membership terminate with this meeting in accordance with the By-laws; Messrs Foy, Kellogg, Patterson, Reardon, Seidlitz and Webster. He expressed appreciation to these men for the very attentive service which they have given to the affairs of the industry, for the interest they have taken in this work, and for their attendance at the meetings, and he expressed to them the belief that their interest in the

future welfare of the industry and of the association will continue unabated even though they do not, by force of circumstance, continue to have membership on the committee. It was moved by President Trigg, seconded by Mr. Sulzberger, that the remaining members of the Executive Committee express to the retiring members of the committee their keen appreciation for the services which they have rendered. The motion was unanimously carried.

Miscellaneous

President Trigg reported that he had received a communication from Mr. C. N. Seidlitz stating that a sudden and severe case of neuritis had caused him to cancel his reservations for the convention, and expressing his great regret at being unable to attend the meeting of the Executive Committee. It was moved by Mr. Reardon, seconded by Mr. Campbell, that the Secretary send a telegram of greetings to Mr. Seidlitz expressing the committee's regret at his inability to be present. Motion carried. *Copy of Telegram attached for record.*

Adjournment

There being no further business to come before the committee, the meeting adjourned at 4:10 P. M.

Reuel W. Elton
Reuel W. Elton

Secretary

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