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SUBJECT Dutch Boy Franchises Report Preliminary		DATE December 18, 1974
TO Gray Castle	COMPANY UNIT OGC	
FROM William R. Admirand	COMPANY UNIT OGC	

Pursuant to your request, I have developed the following information concerning Dutch Boy franchisees.

<u>Name of Franchisee</u>	<u>Location</u>	<u>Allegation</u>
James B. Wolfe	Grants Pass, Oregon	Breach of exclusive franchise*

<u>Damages Alleged</u>	<u>Status</u>
None specified	I have contacted claimant's attorney, Michael Bird. Settlement in process whereby we accept back saleable product and discount it against moneys owing to us. Franchise ended.

<u>Name of Franchisee</u>	<u>Location</u>	<u>Allegation</u>
Norman Burch d/b/a Paint Store	Coos Bay, Oregon	1. Breach of exclusive franchise * 2. Defamation in business relations

Damages Alleged

1. None specified.
2. None asserted directly, but NL should indemnify claimant from damages asserted by Pacific Paint Products, a local contractor as a result of defective pigment in product (contractor is threatening NL with a \$125,000 suit).

Alleged NL Defense

1. Franchisee breached franchise-dropped Blue & White line.
2. None

Status

I will call attorney to open lines of communication.

<u>Name of Franchisee</u>	<u>Location</u>	<u>Allegation</u>
Thomas & Philip Nesmith d/b/a Decorator Paint Store	Lake Havasu City, Arizona	Breach of exclusive * franchise

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** Through setting up other outlets (or selling the products directly).*

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<u>Damages Alleged</u>	<u>Alleged NL Defense</u>	<u>Status</u>
\$250,000 compensatory	Conflict of Reasons:	Defense counsel not
\$500,000 punitive	1. Poor credit-cancelled franchise. 2. Non-payment of accounts and suit arose due to NL activity.	yet selected.

Since our discussion, I have spoken with a West Coast manager. He said that effective January 1, Dutch Boy intended to "purge" small dealers and "troublemakers". I said don't. (Bob Sahlberg)

I also spoke with an East Coast manager. He knows of nothing imminent but is reluctant to inquire in that the kettle may boil over.

I also spoke personally with Walter Schultz, Vice President, who was in the office on Tuesday. He appears willing to sit down around the table in West Caldwell to work out a plan of action. I informed him of our willingness to assist him in his goals.

Attached please find copies of two franchise agreements of which I have knowledge. Not covered are distributor agreements.

At your convenience, I will be available to discuss this matter further with you.

WRA:mb
enc.

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