

MINUTES
REGULAR MEETING - EXECUTIVE COMMITTEE
National Paint, Varnish & Lacquer Association, Inc.
Drake Hotel -- Chicago, Illinois -- July 20, 1955

Call to Order

The meeting was called to order at 10:30 A.M. by the Chairman with the following in attendance:

DAVID H. MORAN, Chairman	BERNHARD MAUTZ
JOSEPH F. BATTLE, President	D. A. MERSON
JAMES BECKETT	E. S. NICKERSON
WM. C. DABNEY	T. SPENCER SHORE
T. L. DANIELS	WM. M. STUART
H. BRAITH DAVIS	ERNEST T. TRIGG
HORACE S. FELTON	<u>Advisory Members:</u>
S. U. GREENBERG	WM. E. HOOD
LEO S. GUTHMAN	HARRY E. STONE
A. J. KNAPP	FRED G. WEED

Regional Vice Presidents

WILBUR L. RICE	G. R. SEIDLITZ
J. V. THOMPSON	R. W. BLAIR, JR.

Guests

T. E. ALWYN	LEO SILVERSTEIN
ROBERT G. KENLY	L. YVILSAKER
MILES M. ZOLLER	H. B. WOODMAN

Staff

DANIEL L. BOLAND	JOHN C. MOORE
LAURENCE KIEFER	M. VANDENDRIESCHE

Absent

LUCIUS D. CLAY	H. S. MARGETTS
JOSEPH A. HAGER	WALTER S. HANNA, JR.
GEORGE W. JENKIN	E. D. PECK

Minutes of Last Meeting

The Secretary reported that the minutes of the last meeting had been mailed to all members. It was moved, seconded and voted unanimously that the minutes be approved without reading.

Report of Treasurer - Budget and Finance Committee

The Treasurer reported that he and the other members of the Budget and Finance Committee had reviewed carefully the Association's financial statement for the nine months ending June 30, 1955 and found the Association's financial condition excellent.

He reported, income exceeds expenses by \$15,915.49 and that expenses have been \$15,846.28 below the approved budget for the nine months' period.

Furthermore, the treasurer reported that the Budget and Finance Committee had thoroughly reconsidered reinvestment of Association excess funds in shares of open and closed end mutual investment trusts as they had recommended to the Executive Committee on January 26, 1955 and authorized by the Committee the same date. The Treasurer said the Budget and Finance Committee, after careful and serious discussion and further consideration, voted unanimously to recommend that the Executive Committee reverse their previous action and that the Association continue the traditional policy of investing any Association surplus funds in Government securities. This was approved by the Executive Committee.

On proper motion, the Financial Report (copy attached) was approved unanimously.

Report of the President

President Battley presented his report (copy attached and previously mailed to members of the Committee).

President Battley discussed in detail the Association's efforts regarding Section 638 of the Defense Appropriation Bill and its possible effect on Navy paint manufacturing plants. He praised the President's courageous stand against the provisions of Section 638 giving Congress veto powers over the Executive Branch of the Government.

He expressed the view that Section 638 does not necessarily apply to Navy paint plants since they have been operating on funds furnished by the Navy's Revolving Supply fund system. Such funds are not necessarily from 1956 fiscal year appropriations. Funds other than 1956 can be used since Section 638 applies only to that year.

President Battley reported the Departments of Justice and Defense are studying the law in view of the President's message and that he felt sure that the Defense Department would terminate the Navy's paint manufacturing operations. He commended highly Louis Fisher of the Association's staff for his outstanding work on this matter.

Finally, President Battley referred to Congressman Vinson's proposal to sponsor a bill declaring Section 638 invalid and asked for the Committee's advise on what should be the Association's position. He expressed his belief that the Association's interests would be better served if Mr. Vinson's bill was not supported.

It was the unanimous opinion of the Committee that the Association should take no action on this.

Sales and Gallonage Figures

President Battley said Mr. Wurtele questioned whether or not gallonage had increased in proportion to our increased National economy. He stated that as 16 percent of the most important of the sample companies reporting to the Census Bureau do not submit gallonage figures, the Census Bureau will not publish gallonage figures adjusted to represent 100 per cent of the production and therefore, nothing we have to date is accurate.

President Battley outlined his efforts to have our container suppliers give him the percent of increase or decrease in sales of containers to the paint industry

since 1947. Information from our suppliers of other materials as to their volume increase would be very helpful.

Mr. Mickerson inquired whether the 16 percent would report total gallonage if the breakdown of industrial and trade sales figures was not required. He thought the total figures would give a picture of the industry as a whole and indicate how our volume compares with other industries. President Battley said he doubted that this 16% would report anything but sales.

Mr. Mautz suggested that the Regional Vice Presidents could assist by finding out what companies in their areas report gallonage figures to the Census Bureau. He also felt that the Bureau could obtain a gallonage figure for 1947 from the Census of that year and compare that against the 1954 figures. This, he said, would give them a fair idea of what the increase in gallonage had been. President Battley said we would do this upon the completion of the next year's Census.

Report of the Scientific Section

Mr. Moore presented the Scientific Section material in the President's Report (copy attached) and outlined what work of the Scientific Section appeared to be of value to the Industrial Product Finishes manufacturers.

President Battley said that the article on Fire Retardant Paints had been completed and would be sent to Committee members for comments prior to its release.

Tung Oil

President Battley said the Association has discussed with the Commodity Credit Corporation their weekly sales of tung oil on a bid basis and feels that we can be assured of an ample supply under their policy. Furthermore, he outlined the desire of the American Tung Grower Association to do everything possible to stabilize the supply and market. They have protested the CCC selling any tung oil for export since this will eventually effect adversely our supply. Argentina has already shipped about 18,000,000 pounds of their 25,000,000 pounds yearly maximum quota. Stocks on hand plus imports should be sufficient for our needs until the 1956 tung crop is harvested.

Report of Legislative and Legal

Mr. Boland presented the Legal and Legislative material in the President's Report (copy attached).

Mr. Stuart asked about the present situation on the slack-filled container problem.

President Battley explained that he had appointed a special committee to meet with State weights and measures officials to discuss a practical solution and hoped to have them agree to our labeling of net content color base tinting containers.

Industrial Product Finishes

President Battley asked Mr. Thompson in Mr. Hager's absence to report on the Industrial Product Finishes Seminars held in Atlantic City on May 15-16-17.

Mr. Thompson stated that the Seminars had been worth while and successful and his only regret was that not near enough people attended. The location, he believes, was the main factor for such small attendance.

Membership

The Budget and Finance Committee recommended the following resignations be accepted:

Class A

FRISCH & COMPANY, INC., New York, N. Y.
HEADQUARTERS PAINT & VARNISH CO., Brooklyn, N. Y.
THE MODENE PAINT CO., Chelsea, Mass.
HARRY G. SARGENT PAINT CO., Indianapolis, Inc.
SEC MANUFACTURING CO., Miami, Florida
UNITED PAINTS, INC., St. Petersburg, Fla.

Class B

SUN CHEMICAL CORPORATION, Harrison, N. J.

The Budget and Finance Committee recommended the following members be dropped for non-payment of dues:

THE GIBBS PAINT MFG. CO., Euclid, Ohio
LONG ISLAND PAINT & CHEMICAL CO., Glen Cove, N. Y.
PURITY PAINT PRODUCTS CORP., Brooklyn, N. Y.
ROACH PAINT COMPANY, Dallas, Texas
MARTIN TREMKLE, INC., Elytheville, Ark.

The Committee approved unanimously the Budget and Finance Committee recommendations.

The Secretary reported that since the last meeting, applications for membership of the following concerns in the classes indicated were approved unanimously by mail vote of the Executive Committee:

Class A

REVILO PAINT & VARNISH CO., North Kansas City, Mo.
TAUSSIG PAINT CO., INC., Philadelphia, Pa.

Class B

ASHLAND OIL & REFINING CO., Ashland, Ky
SNYDER CHEMICAL CORPORATION, Bethel, Conn.
STROBRIDGE LITHOGRAPHING CO., Cincinnati, Ohio

Nominating Committee

President Battley stated that Article VIII, Section 13, of our By-Laws provides "At least three months preceding the annual convention, the President shall appoint, subject to the approval of the Executive Committee, a Nominating Committee of seven members."

In accordance with that provision, the following nominees are submitted for appointment on the Nominating Committee:

Class A - JEROME J. CROWLEY, JR., (Chairman) - The O'Brien Corporation
Class A - C. BURCH ATHEY - The C. M. Athey Paint Company
Class A - FOSTER MILES - Smith-Alsop Paint & Varnish Company
Class B - B. K. READ - Shell Chemical Corporation
Class E - STUART SANDERS, II - Sanders Brothers Co., Inc.
Class A - MERTON E. WILLIAMS - Wilbur & Williams Paint Corporation
JOSEPH F. BATTLE

The Committee was approved unanimously.

Convention Registration

President Battley outlined the registration fees charged by other Associations and Federations and recommended registration fees for our 1955 convention as follows:

Ladies	\$25.00
Men.	\$35.00

This represents only an increase of \$5.00 over last year's fees and it was estimated would bring in \$6,000 additional income which will be needed to finance the 1955 Convention.

Mr. Sulzberger said that from the latest financial statement it looks like the Association will have a good surplus this year and expressed uncertainty about an increase. It was his feeling that the Association could carry any deficit this year.

President Battley explained that he feels expenses cannot be reduced this year even though the convention is in Washington. He expects to have a very colorful affair with outstanding exhibits and speakers and feels sure that we will have widespread publicity for our industry.

Mr. Stuart said that he feels the convention in Washington presents a real opportunity to secure nation-wide publicity for the industry and he feels those attending should pay their way as there is every indication this year's industry's sales will be very good.

Mr. Trigg made a motion that the matter be referred back to the President to be handled as he feels necessary. This motion was seconded and approved unanimously.

President Battley advised that 1955 convention room reservations to date indicate the largest attendance on record.

Location of 1957 Convention

President Battley stated reservations for the 1957 Convention at the following hotels are held by the Association: Chalfonte-Haddon Hall, Atlantic City, N. J. and the Hotel Traymore, Atlantic City, N. J. - Statler-Mayflower, Washington, D.C. and the Hotel Fontainebleu, Miami Beach, Florida.

He explained that a firm contract must be made very soon and asked Committee members to express their opinions on where the 1957 convention should be held.

Mr. Trigg asked President Battley what he would recommend from the industry's viewpoint.

President Battley said that Washington is an excellent convention city and would recommend that the 1957 convention again be held there instead of Atlantic City or Florida.

Mr. Guthman moved that the 1957 Association Convention be held in Washington, D.C. Mr. Davis seconded the motion, which was approved unanimously.

Use of "Mildew" and Painting Manual

President Battley reported that the Forest Products Laboratory, with the assistance of the National Retail Lumberman's Association and the National Paint, Varnish and

Lacquer Association, is ready to publish and distribute a "Painting Manual for Exterior Siding". Also the Scientific Section is ready to publish a circular on "Finishes for Natural Woods". He said that the technical men who have reviewed these publications are of the opinion that they are incomplete without reference to "mildew".

He pointed out that as the Executive Committee, by previous action, had directed that any of the Association's publications on mildew or use of mildewcides in paint be approved by the committee before publication, he would send copies to the members of the Committee for their comments and suggestions.

Mr. Sulzberger asked that the Association submit proposed wordings to the Executive Committee when sending anything to them for consideration and approval.

Mr. Hood stated we should recognize that mildew is a definite problem for members of our industry.

Mr. Stuart said he thought the Association should submit suggested wordings to the Executive Committee. President Battley stated that this would be done.

Mr. Mautz reported that the lumber people are excited about the loss of wood siding sales and they are very interested in having the manual published.

President Battley confirmed Mr. Mautz' report and added the lumber people tried to blame paint entirely for their loss of sales but have changed since our meeting with them. He stated that release of the manual without Association cooperation would have resulted in many unfair and unfounded statements.

Sale of TV Films to Members

President Battley reported that he felt that the Association has obtained almost all the free time possible for our various films. He asked for the Committee's approval of the sale of prints on films to members at cost with the understanding that the Association must approve all individual manufacturers opening and closing titles. These prints could be used by manufacturers and dealers for TV, group meetings, indoor and outdoor movies and other showings.

Mr. Mautz voiced approval and thought the sale and use of these films throughout the industry would help the entire membership.

President Battley said that before the film - "Moisture--the Hidden Menace to Homes" can be sold to members, approval for the use of their negatives for the purpose must be secured from the DuPont Company.

Mr. Nickerson explained that his company has made several twelve and fifteen minute films costing about \$1,000 a minute, which is considerably more than the low price of the films offered by the Association.

Mr. Mautz moved that the films be made available to Association members at cost, with the provision that each individual member's opening and closing titles must be approved by the Association. Mr. Knapp seconded this motion, and it was approved unanimously.

Liability of Odorless Paints

President Battley asked the Executive Committee members if they knew of any trouble or claims arising from the increasing use of odorless paints. He explained that he

had been asked if members are aware of the implications and liabilities that may arise from the use of odorless paints.

Mr. Nickerson said his company had sold such paints, but no complaints had been received.

Mr. Weed also reported no such difficulties with use of these paints in Canada.

Program on "How to Work with Architects"

President Battley stated that he will send members of the Executive Committee a program on "How to Work with Architects" within a short time.

He said that the Association will work and look for every way to stimulate the use of paint in plans and specifications for new buildings as well as for maintenance. He thinks the "Interest of End Users Committee" of the Industrial Product Finishes Division will do a very good job along this line for product finishes.

Adjournment

The meeting was adjourned at 12:30 P.M.

Respectfully submitted,

M. Vandendriessche

Secretary

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COMMENTS ON BALANCE SHEET AND
BUDGET AND EXPENSE STATEMENT
October 1, 1954 - June 30, 1955

BALANCE SHEET - ASSETS AND LIABILITIES - Page 1

ACCOUNTS RECEIVABLE:-(As of July 12).

Dues:- Have been reduced to \$15,857.75.

Clean Up Display Material:- Has been reduced to \$1,634.19.

Miscellaneous:- These are outstanding invoices on "Paint Power", "Guide to U.S. Paint Specifications" and U.S. Ordnance Contract. Reduced to \$4,883.19.

CASH - SECURITIES:- \$25,000.00 from matured Government bonds now in Riggs Agency account for reinvestment or cash reserve.

MARKETABLE SECURITIES:- Book value \$309,500.00. Market value \$304,385.11 as of July 11, 1955.

INCOME AND EXPENSE STATEMENT - Page 2

At the present we have an excess Income of \$15,958.49 over Expenses.

Expenses are \$15,846.28 below the Approved Budget for the nine-month period. However, the following budgeted amounts totaling \$14,450.00 with actual expenses of \$1,695.74, leave a net balance under the budget of \$1,396.28.

Administration:-

Audit	\$1,250.00	
Doubtful Accounts	1,000.00	

Scientific Section:-

Raw Material Indexes	10,000.00	
Noise, Dust and Fumes	2,200.00	\$14,450.00

ALL DIVISIONS

TRAVEL AND MEETING EXPENSES:- Travel, meetings and conferences reflect increased hotel prices as well as additional meetings.

ADMINISTRATION - SCHEDULE #1

POSTAGE AND EXPRESS:- Large mailings to the Industry on Model Labels during first and second quarters.

TELEPHONE AND TELEGRAPH:- Model Labels and New York Regulations and Regulations for Color Systems Containers required excess use of telephone and telegraph services during first and second quarters.

CONTRIBUTIONS AND MEMBERSHIPS - SCHEDULE #2

MISCELLANEOUS MEMBERSHIPS:- Membership this year only "Building Officials Conference of America, Inc." in connection with Government competition.

BUILDING MAINTENANCE - SCHEDULE #4

SUPPLIES AND REPAIRS:- Replacement of hot water storage tank complete with insulation and safety valve during first quarter. The ancient tank should have been replaced during building remodeling. It finally rusted and burst in November 1954.

INDUSTRY RELATIONS DIVISION - SCHEDULE #6

PRINTING, COATINGS:- Supply of Mastheads.

CLEAN UP - PAINT UP - FIX UP - SCHEDULE #7

MAT SERVICE:- Unusually heavy demand for newspaper mats and proof sheets.

TRAFFIC BUREAU - SCHEDULE #10

TRAVEL, MEETING AND GENERAL EXPENSES:- Unanticipated ICC Hearings on Middle Atlantic Class Rate investigations, New England Motor Carrier rates and Paint Carload Classification.

TRADE SALES DIVISION - SCHEDULE #12

PRINTING:- 2,000 copies "Industry Simplification Programs".

STATISTICAL DIVISION - SCHEDULE #14

POSTAGE & EXPRESS AND PRINTING:- Sales of "Survey of Consumer Painting Habits" will offset this excess cost of printing and mailing.

N37883.02

NATIONAL PAINT, VARNISH AND LACQUER ASSOCIATION, INC.
INCOME AND EXPENSES FOR THE PERIOD October 1, 1953-1954 - June 30, 1954-1955

I N C O M E

Dues - Class A			
- Class B	\$350,048.00		\$353,492.75
- Class C	68,034.00		65,302.50
- Class D	6,796.26		6,657.69
- Class E	896.25		896.25
	<u>2,268.75</u>		<u>2,387.50</u>
Interest Earned - Securities	\$428,043.26		\$428,736.69
Discounts Taken	5,894.36		5,538.30
Miscellaneous Receipts	588.68		536.22
Recovery on Accounts Previously Written Off	44.98		160.60
Gain on Sales of Securities	2,370.00		758.41
	<u>-0-</u>		<u>40.63</u>
	\$436,941.28		\$435,770.85

E X P E N S E S

Administration Expenses	\$115,663.73	Expenses	\$135,380.33	Budget	\$128,594.73	Expenses	\$121,580.48
Contributions & Memberships	7,050.00		7,350.00		7,137.50		7,041.00
Retirement Expense	40,630.63		40,501.44		39,980.67		37,560.94
Building Maintenance	17,298.56		21,093.27		16,994.90		16,088.52
Scientific Section	79,903.08		63,985.38		76,944.45		72,008.32
Industry Relations Division	37,900.03		37,641.28		30,075.02		23,478.33
Clean Up - Paint Up - Fix Up	32,953.43		31,434.99		42,606.10		38,990.69
Unfair Competition Bureau	8,883.64		8,854.86		8,727.04		8,843.87
Wholesale-Distributors Division	1,855.82		1,889.14		2,160.42		2,073.70
Traffic Bureau	3,408.00		4,282.90		3,366.75		3,937.76
Industrial Product Finishes Division	16,391.68		17,766.88		15,704.18		15,552.76
Trade Sales Division	6,448.33		7,561.27		6,399.15		6,087.12
Public Information Division	24,078.82		22,248.12		20,960.84		16,383.65
Statistical Division	7,545.82		7,974.14		11,645.74		11,256.00
Convention	7,000.00		12,681.29		5,000.00		6,204.47
Depreciation Building	337.50		337.50		336.75		336.75
	<u>\$436,829.07</u>		<u>\$420,982.79</u>		<u>\$416,634.24</u>		<u>\$387,424.36</u>
Special TV Test Program							48,480.30
Premium on Bond Purchases 1954							331.65
EXCESS EXPENSES OVER INCOME							\$436,236.31
EXCESS INCOME OVER EXPENSES							<u>465.16</u>

October 1, 1954 - June 30, 1955

SCHEDULE #1

ADMINISTRATION

	<u>Budget</u>	<u>Expenses</u>	Expenses Over (+) or Under (-) <u>Budget</u>	Approved <u>Budget</u>
Executive Salaries	\$38,916.68	\$38,916.68	\$ -0-	\$51,000.00
Office Salaries	73,159.55	62,670.28	- 10,489.27	97,680.00
Travel Expenses	3,750.00	4,796.13	+ 1,046.13	5,000.00
Meeting Expenses	3,000.00	4,471.36	+ 1,471.36	4,000.00
Stationery & Supplies	2,500.00	2,598.53	+ 98.53	2,500.00
Furniture & Fixture Maintenance	1,500.00	1,161.92	- 338.08	2,000.00
Furniture & Equipment Purchases	6,500.00	6,320.18	- 179.82	7,500.00
Postage & Express	2,625.00	3,065.26	+ 440.26	3,500.00
Telephone & Telegraph	1,500.00	2,102.64	+ 602.64	2,000.00
Printing & Publications:				
Labeling Laws & Regulations	1,125.00	1,062.42	- 62.58	1,500.00
Miscellaneous Printing	1,125.00	1,020.50	- 104.50	1,500.00
Subscriptions & Publications	800.00	868.69	+ 68.69	800.00
General Expenses	1,500.00	1,430.33	- 69.67	2,000.00
Insurance - Miscellaneous	600.00	464.37	- 135.63	800.00
Taxes:				
D.C. Personal Property	750.00	698.56	- 51.44	1,000.00
Social Security	3,300.00	2,925.32	- 374.68	4,400.00
D.C. Unemployment	150.00	124.89	- 25.11	200.00
Federal Unemployment	375.00	374.69	- .31	500.00
Surety Bonds	100.00	100.00	-0-	100.00
Audit	1,250.00	-0-	- 1,250.00	1,250.00
Bank Commissions & Charges	187.50	219.71	+ 32.21	250.00
Legislative Committee	1,450.00	1,449.68	- .32	1,750.00
Doubtful Accounts	1,000.00	-0-	- 1,000.00	1,000.00
	<u>\$147,163.73</u>	<u>\$136,842.14</u>	<u>- \$10,321.59</u>	<u>\$192,230.00</u>
Less: Net Credit from booklet, Miscellaneous Sales, and Trade Mark Bureau	1,500.00	1,461.81	+ 38.19	2,000.00
	<u>\$145,663.73</u>	<u>\$135,380.33</u>	<u>- \$10,283.40</u>	<u>\$190,230.00</u>

October 1, 1954 - June 30, 1955

SCHEDULE #2

CONTRIBUTIONS & MEMBERSHIPS

	<u>Budget</u>	<u>Expenses</u>	Expenses Over(+) or Under(=) <u>Budget</u>	Approved <u>Budget</u>
Agricultural Associates, Inc.	\$ 600.00	\$ 600.00	\$ -0-	\$ 600.00
Building Research Advisory Board	250.00	250.00	-0-	250.00
Chamber of Commerce, U.S.A.	700.00	700.00	-0-	700.00
Flax Development Committee	1,000.00	1,000.00	-0-	1,000.00
Flax Development - Special Contr.	3,000.00	3,000.00	-0-	3,000.00
National Fire Protection Association	100.00	100.00	-0-	100.00
National Industrial Council	100.00	100.00	-0-	100.00
Painting & Decorating Contractors of America	1,000.00	1,000.00	-0-	1,000.00
The Producers' Council	200.00	200.00	-0-	200.00
Miscellaneous Memberships	100.00	400.00	+ 300.00	100.00
	<u>\$7,050.00</u>	<u>\$7,350.00</u>	+ \$300.00	<u>\$7,050.00</u>

SCHEDULE #3

RETIREMENT EXPENSE

	<u>Budget</u>	<u>Expenses</u>	Expenses Over(+) or Under(-) <u>Budget</u>	Approved <u>Budget</u>
Pensions - Not Under Plan	\$19,530.63	\$19,530.63	\$ -0-	\$25,275.00
Annual Insurance Premium	21,075.00	20,945.81	- 129.19	28,100.00
Surety Bonds	25.00	25.00	-0-	25.00
	<u>\$40,630.63</u>	<u>\$40,501.44</u>	- \$129.19	<u>\$53,400.00</u>

October 1, 1954 - June 30, 1955

SCHEDULE #4

BUILDING MAINTENANCE

	<u>Budget</u>	<u>Expenses</u>	Expenses Over (+) or Under (-) <u>Budget</u>	<u>Approved Budget</u>
Salaries	\$ 3,147.56	\$ 3,147.56	\$ -0-	\$ 4,200.00
Insurance - Building & Contents	1,500.00	1,587.92	+ 87.92	2,000.00
Real Estate Taxes	2,535.00	2,531.40	- .60	3,375.00
Water Rent	700.00	639.75	- 10.25	700.00
Gas	37.50	27.40	- 10.10	50.00
Heat	1,500.00	1,583.12	+ 83.12	1,500.00
Elevator Expense	356.00	342.00	- 14.00	475.00
Supplies & Repairs	3,750.00	7,375.42	+ 3,625.42	5,000.00
Trash Removal	337.50	331.50	- 6.00	450.00
Painting & Decorating	1,875.00	1,884.45	+ 9.45	2,500.00
Electricity	2,100.00	2,059.75	- 40.25	2,800.00
	<u>\$17,838.56</u>	<u>\$21,563.27</u>	<u>+ \$3,724.71</u>	<u>\$23,050.00</u>
Less: Rent from Apartments	<u>540.00</u>	<u>470.00</u>	<u>+ 70.00</u>	<u>720.00</u>
	<u>\$17,298.56</u>	<u>\$21,093.27</u>	<u>+ \$3,794.71</u>	<u>\$22,330.00</u>

October 1, 1954 - June 30, 1955

SCHEDULE #5

SCIENTIFIC SECTION

	<u>Budget</u>	<u>Expenses</u>	Expenses Over (+) or Under (-) <u>Budget</u>	<u>Approved Budget</u>
Salaries	\$51,595.58	\$51,595.58	\$ - 0-	\$ 68,800.00
Travel Expenses	2,625.00	4,104.56 +	1,479.56	3,500.00
Meeting Expenses	375.00	642.00 +	267.00	500.00
Stationery & Supplies	1,000.00	991.42 -	8.58	1,000.00
Postage & Express	975.00	956.68 -	18.32	1,300.00
Telephone & Telegraph	375.00	406.96 +	31.96	500.00
Printing:				
Raw Material Indexes	10,000.00	1,668.95 -	8,331.05	10,000.00
U.S. Guide to Paint Specifications	4,500.00	4,693.85 +	193.85	4,500.00
Abstract Review	3,500.00	3,282.98 -	217.02	3,500.00
Circulars	2,050.00	2,082.45 +	32.45	2,500.00
Other Publications	300.00	227.59 -	72.41	400.00
General Expenses	187.50	231.17 +	43.67	250.00
Electricity	375.00	374.03 -	.97	500.00
Laboratory Supplies	500.00	510.34 +	10.34	500.00
Laboratory Apparatus	150.00	-0- -	150.00	200.00
Fire Retardant Study	375.00	286.30 -	88.70	500.00
Other Investigations	75.00	62.55 -	12.45	100.00
Technical Library:				
Subscriptions & Publications	600.00	591.43 -	8.57	600.00
Noise, Dust, Fumes Project	2,200.00	26.79 -	2,173.21	2,200.00
MOISTURE MEMACE PROGRAM:				
Travel, Experimental Work	4,000.00	3,201.99 -	798.01	4,000.00
	\$85,758.08	\$75,937.62 -	\$9,820.46	\$105,350.00
Less: Net credit from Slide Sales & Circular Sales and Subs.	6,375.00	11,952.24 -	5,577.24	8,500.00
	\$79,383.08	\$63,985.38 -	\$15,397.70	\$ 96,850.00

October 1, 1954 - June 30, 1955

SCHEDULE #6

INDUSTRY RELATIONS

	<u>Budget</u>	<u>Expenses</u>	Expenses Over (+) or Under (-)	<u>Budget</u>	Approved <u>Budget</u>
Salaries	\$8,687.53	\$8,687.53	\$ -0-		\$11,600.00
Travel Expenses	187.50	348.50	+	161.00	250.00
Meeting Expenses	750.00	950.87	+	200.87	1,000.00
Stationery & Supplies	500.00	520.81	+	20.81	500.00
Telephone & Telegraph	75.00	61.86	-	13.14	100.00
Printing:					
Year Book	2,250.00	580.93	-	1,669.07	3,000.00
Coatings	7,125.00	8,354.99	+	1,229.99	9,500.00
Miscellaneous Printing	150.00	233.76	+	83.76	200.00
Subscriptions & Publications	75.00	66.50	-	8.50	100.00
Postage & Express	4,875.00	5,028.96	+	153.96	6,500.00
General Expenses	225.00	197.67	-	27.33	300.00
Promotion of "Here's How" Film	9,000.00	9,002.28	+	2.28	9,000.00
MOISTURE NEMACE PROGRAM:					
Publicity and Promotion	<u>4,000.00</u>	<u>3,606.62</u>	-	<u>393.38</u>	<u>4,000.00</u>
	\$37,900.03	\$37,641.28	-	\$258.75	\$46,050.00

October 1, 1954 - June 30, 1955

SCHEDULE #7

CLEAN UP - PAINT UP - FIX UP

	<u>Budget</u>	<u>Expenses</u>	Expenses Over (+) or Under (-)	<u>Approved Budget</u>
Salaries	\$13,428.43	\$13,428.43	\$ -0-	\$18,000.00
Travel Expenses	2,250.00	2,964.29 +	714.29	3,000.00
Meeting Expenses	600.00	775.44 +	175.44	800.00
Stationery & Supplies	1,500.00	1,665.93 +	165.93	1,500.00
Postage & Express	1,500.00	1,388.96 -	111.04	1,500.00
Telephone & Telegraph	225.00	318.53 +	93.53	300.00
Printing	2,000.00	1,966.58 -	33.42	2,000.00
Campaign to Industry	1,125.00	142.50 -	982.50	1,500.00
Editorial Service	300.00	295.12 -	4.88	300.00
Mat Service	3,500.00	3,864.88 +	364.88	3,500.00
Trophies & Awards	1,000.00	1,053.39 +	53.39	1,000.00
Radio Spots	112.50	92.59 -	19.91	150.00
Expert Art & Layout Service	112.50	51.52 -	60.98	150.00
General Expenses	300.00	292.47 -	7.53	400.00
Display Material - Cost	17,500.00	18,434.08 +	934.08	17,500.00
"House in the Middle" Program	<u>5,000.00</u>	<u>5,036.30 +</u>	<u>36.30</u>	<u>5,000.00</u>
	\$50,453.43	\$51,771.01 +	\$1,317.58	\$56,600.00
Less: Sales	<u>17,500.00</u>	<u>20,336.02 +</u>	<u>2,836.02</u>	<u>17,500.00</u>
	\$32,953.43	\$31,434.99 -	\$1,518.44	\$39,100.00

October 1, 1954 - June 30, 1955

SCHEDULE #8

UNFAIR COMPETITION BUREAU

	<u>Budget</u>	<u>Expenses</u>	Expenses Over (+) or Under (-) <u>Budget</u>	Approved <u>Budget</u>
Salaries	\$8,471.14	\$8,471.14	\$ -0-	\$11,300.00
Travel Expenses	300.00	250.65	- 49.35	400.00
Telephone & Telegraph	37.50	37.17	- .33	50.00
General Expenses	<u>75.00</u>	<u>95.90</u>	+ 20.90	<u>100.00</u>
	\$8,883.64	\$8,854.86	- \$28.78	\$11,850.00

SCHEDULE #9

WHOLESALE - DISTRIBUTORS DIVISION

	<u>Budget</u>	<u>Expenses</u>	Expenses Over (+) or Under (-) <u>Budget</u>	Approved <u>Budget</u>
Salaries	\$1,524.57	\$1,524.57	\$ -0-	\$ 2,100.00
Travel Expenses	75.00	78.95	+ 3.95	100.00
Stationery & Supplies	200.00	171.27	- 28.73	200.00
Postage & Express	10.75	11.37	- 7.36	25.00
General Expenses	<u>37.50</u>	<u>102.90</u>	+ 65.48	<u>50.00</u>
	\$1,855.82	\$1,889.14	+ \$33.32	\$2,475.00

SCHEDULE #10

TRAFFIC BUREAU

	<u>Budget</u>	<u>Expenses</u>	Expenses Over (+) or Under (-) <u>Budget</u>	Approved <u>Budget</u>
Salaries	\$3,103.00	\$3,103.00	\$ -0-	\$4,300.00
Travel Expenses	75.00	349.35	+ 274.35	100.00
Meeting Expenses	75.00	203.27	+ 128.27	100.00
General Expenses	<u>75.00</u>	<u>547.20</u>	+ 472.28	<u>100.00</u>
	\$3,408.00	\$4,282.90	+ \$874.90	\$4,600.00

October 1, 1954 - June 30, 1955

SCHEDULE #11

INDUSTRIAL PRODUCT FINISHES DIVISION

	<u>Budget</u>	<u>Expenses</u>	Expenses Over (+) or Under (-) <u>Budget</u>	Approved <u>Budget</u>
Salaries	\$11,666.68	\$11,666.68	\$ -0-	\$16,000.00
Travel Expenses	1,875.00	2,173.31	+ 298.31	2,500.00
Meeting Expenses	1,500.00	2,520.95	+ 1,020.95	2,000.00
Postage & Express	300.00	335.05	+ 35.05	400.00
Telephone & Telegraph	150.00	243.56	+ 93.56	200.00
Printing	525.00	436.90	- 88.10	700.00
General Expenses	75.00	88.65	+ 13.65	100.00
Stationery & Supplies	300.00	301.78	+ 1.78	300.00
	<u>\$16,391.68</u>	<u>\$17,766.88</u>	<u>+ \$1,375.20</u>	<u>\$22,200.00</u>

SCHEDULE #12

TRADE SALES DIVISION

	<u>Budget</u>	<u>Expenses</u>	Expenses Over (+) or Under (-) <u>Budget</u>	Approved <u>Budget</u>
Salaries	\$4,798.33	\$4,798.33	\$ -0-	\$6,400.00
Travel Expenses	525.00	1,109.26	+ 584.26	700.00
Meeting Expenses	450.00	626.65	+ 176.65	600.00
Postage & Express	75.00	168.91	+ 93.91	100.00
Telephone & Telegraph	75.00	82.46	+ 7.46	100.00
Printing	150.00	312.96	+ 162.96	150.00
General Expenses	75.00	152.57	+ 77.57	100.00
Stationery & Supplies	300.00	310.13	+ 10.13	300.00
	<u>\$6,448.33</u>	<u>\$7,561.27</u>	<u>+ \$1,112.94</u>	<u>\$8,450.00</u>

October 1, 1954 - June 30, 1955

SCHEDULE #13

PUBLIC INFORMATION DIVISION

	<u>Budget</u>	<u>Expenses</u>	Expenses Over(+) or Under(-) <u>Budget</u>	<u>Approved Budget</u>
Salaries	\$ 9,193.40	\$ 9,193.40	\$ -0-	\$12,300.00
Travel Expenses	150.00	131.41	- 18.59	200.00
Meeting Expenses	75.00	34.50	- 40.50	100.00
Stationery & Supplies	250.00	148.79	- 101.21	250.00
Postage & Express	18.75	10.22	- 8.53	25.00
Telephone & Telegraph	75.00	86.20	+ 11.20	100.00
Daily Newspapers	4,500.00	4,463.51	- 36.49	6,000.00
Weekly Newspapers	600.00	520.88	- 79.12	800.00
Radio	4,500.00	4,291.93	- 208.07	6,000.00
Magazines	1,125.00	860.51	- 264.49	1,500.00
Organized Groups	375.00	313.44	- 61.56	500.00
General Expenses	75.00	44.70	- 30.30	100.00
PAINT POWER:				
Salaries	2,579.17	2,579.17	-0-	3,400.00
Travel Expenses	375.00	384.25	+ 9.25	500.00
Promotion Expenses	375.00	361.73	- 13.27	500.00
Printing	3,150.00	3,328.63	+ 178.63	3,150.00
General Expenses	<u>37.50</u>	<u>33.27</u>	<u>- 4.23</u>	<u>50.00</u>
	\$27,453.82	\$26,786.54	- \$ 667.28	\$35,475.00
Less: Sales of Publications	<u>3,375.00</u>	<u>4,538.42</u>	<u>- 1,163.42</u>	<u>4,500.00</u>
	\$24,078.82	\$22,248.12	- \$1,830.70	\$30,975.00

October 1, 1954 - June 30, 1955

SCHEDULE #14

STATISTICAL DIVISION

	<u>Budget</u>	<u>Expenses</u>	<u>Expenses Over (+) or Under (-) Budget</u>	<u>Approved Budget</u>
Salaries	\$3,703.32	\$3,708.32	\$ -0-	\$5,000.00
Travel Expenses	225.00	264.02	+ 39.02	300.00
Meeting Expenses	150.00	141.42	- 8.58	200.00
Stationery & Supplies	250.00	168.13	- 81.87	250.00
Postage & Express	525.00	1,034.24	+ 509.24	700.00
Telephone & Telegraph	75.00	148.84	+ 73.84	100.00
Statistical Reports	75.00	-0-	- 75.00	100.00
Printing	2,500.00	5,675.24	+ 3,175.24	2,500.00
General Expense	<u>37.50</u>	<u>169.44</u>	+ <u>131.94</u>	<u>50.00</u>
	\$7,545.82	\$11,309.65	+ \$3,763.83	\$9,200.00
Less Sales	<u>-0-</u>	<u>3,335.51</u>	- <u>3,335.51</u>	<u>-0-</u>
	\$7,545.82	\$ 7,974.14	+ \$ 428.32	\$9,200.00

October 1, 1954 - June 30, 1955

SCHEDULE # 15

CONVENTION

	<u>Budget</u>	<u>Expenses</u>		Expenses Over (+) Or Under (-) <u>Budget</u>	<u>Approved Budget</u>
Administration	\$4,000.00	\$3,761.24	-	\$238.76	\$4,000.00
Scientific Section	2,500.00	2,987.39	+	487.39	2,500.00
Industry Relations Div.	2,000.00	2,443.93	+	443.93	2,000.00
Clean Up -- Paint Up -- Fix Up Bureau	1,500.00	1,750.47	+	250.47	1,500.00
Unfair Competition Bureau	500.00	648.10	+	148.10	500.00
Wholesale-Distributors Division	500.00	651.60	+	151.60	500.00
Industrial Product Finishes Div.	1,500.00	2,029.15	+	529.15	1,500.00
Trade Sales Division	1,500.00	1,724.24	+	224.24	1,500.00
Public Information Division	2,000.00	2,468.31	+	468.31	2,000.00
Entertainment & Hospitality	<u>23,000.00</u>	<u>30,871.46</u>	+	<u>7,871.46</u>	<u>23,000.00</u>
	\$39,000.00	\$49,335.89	+	\$10,335.89	\$39,000.00
Less: Convention Receipts	<u>32,000.00</u>	<u>36,654.60</u>	-	<u>4,654.60</u>	<u>32,000.00</u>
	\$ 7,000.00	\$12,681.29	+	\$ 5,681.29	\$ 7,000.00

NOT FOR PUBLICATION

REPORT OF THE PRESIDENT
TO THE EXECUTIVE COMMITTEE

July 20, 1955

INTRODUCTION

After six months of 1955, auto production is at a record high, housing starts are estimated at 1,300,000 for the year and employment is at an all time high. There is no cause for alarm on the business horizon. Our sales are continually making new monthly highs. I predict a record year for our industry.

GENERAL

MEETINGS: Since the April meeting of the Executive Committee, I have had many conferences in Washington, in addition to the following meetings:

Chamber of Commerce, Washington, D.C.
Lumber Manufacturers and Forest Products Laboratory, Chicago, Ill.
Advertising & Sales Promotion Steering Committee, Atlantic City, N.J.
Trade Sales Steering Committee, Atlantic City, N.J.
Industrial Product Finishes Technical Subcommittee, Atlantic City, N.J.
Industrial Product Finishes Seminars, Atlantic City, N.J.
Industrial Product Finishes Steering Committee, Atlantic City, N.J.
Joint meeting of Representatives of Toy Manufacturers, New Jersey Assembly and our Association, Atlantic City, N.J.
Officers Chicago Association, Chicago, Illinois
Officers and Class A members New England Association, Boston, Mass.
Masonry Waterproofing Committee, Washington, D.C.
Technical Representatives of National Lumber Manufacturers Association and Forest Products Laboratory, Washington, D. C.
Manufacturing Chemists Association, Washington, D. C.

INDUSTRY SALES: Total dollar sales in May amounted to \$143,397,000, a 16.5 percent increase over sales in May of last year, and made the total for the first five months of 1955 \$625,616,000, an increase of 9.7 percent over the same period last year.

Industrial sales for May broke all previous records with sales of \$54,443,000. Industrial sales were 20.2 percent higher than May 1954. Five months sales are 14.8 percent above the same period of 1954 and total \$250,991,000.

Trade sales were \$88,954,000 in May, 14.3 percent above May 1954. For the first five months of 1955, trade sales show a 6.6 percent increase over the comparable period in 1954 and total \$374,625,000.

MEMBERSHIP: For the quarter ending June 30, 1955 we showed a gain of two and a loss of five Class A members. In the Class B classification we showed a gain of two and a loss of one and in "C" classification a gain of one; a net loss of one member. The losses were concerns no longer manufacturing paint products or materials.

NAVY PAINT: When Congress passed the Defense Appropriation Bill (H.R. 6042) it included Section 638 which would give either the Senate or House Appropriation Committees the right to veto the discontinuance of any manufacturing activity by the Department of Defense. The Association claimed that this invaded the rights of the Executive branch of the Government and was in direct conflict with the aims of the present, and previous administrations.

In a history-making message to Congress, the President supported the Association's stand. He said that, although he was signing the Bill, he had been advised by the Attorney General that Section 638 violated the Constitution and would disregard it.

On passage of the Bill, the services called an immediate halt to the phasing out programs, pending further decisions. The President's message removes this obstacle and the Defense Department has re-instituted the program. No serious opposition is expected from Congress. The government employees unions have been the principal antagonists to curbing government competition. Our offer to the Navy, to employ any civilians in the Navy paint plants who might be dislocated gives us relatively clear sailing. I am expecting a request from the Navy to discuss the phasing out of Navy paint plants. They will make available to us the specifications and manufacturing processes of the ship bottom paints which will be purchased from industry when current inventories are exhausted.

I wish to personally thank the members of our industry who supported us in the effort to close both Navy paint plants and I am more confident than ever of ultimate success.

TECHNICAL

RAW MATERIALS: Linseed Oil - Forecasts are for another large crop of flaxseed this year. However, the export demand remains high and prices may remain above the support level of \$3.18 at Minneapolis. The CCC acquired about ten million bushels on April 30, but much of this has been sold and covered by toll-crushing agreements. Very little will be carried over into the new crop year.

Soybean Oil - The largest crop in history will be harvested unless serious weather damage occurs. For the first time in several years CCC has purchased soybeans under the price support program, but these beans are being marketed in an orderly manner to prevent disturbing the trade. Prices continue stable.

Tung Oil - Our most serious supply problem is tung oil. The 1955 domestic crop will be less than ten percent of our needs. For this reason I protested to Department of Agriculture against the sale of any CCC tung oil for export purposes. CCC stocks plus imports are just barely sufficient to take care of both 1955 and 1956. However, the situation can become acute if another long and severe frost damages the 1956 crop.

Selenium - Selenium for use in making certain pigments is not ample for present needs. The world price for Selenium is higher than in the United States and imports can not be expected unless our price is increased.

The Bureau of Mines is now operating a pilot plant to extract low grade ores economically. This appears promising for the future. We are encouraging the Bureau of Mines to continue their efforts in developing an economical extraction process. Two manufacturers are interested in building a large plant based on the Bureau of Mines pilot plant.

ARMY ORDNANCE: The first contract between the Association and the Army Ordnance to prepare painting manuals and modernize paint specifications for ordnance material is completed. A new contract for another year continues this beneficial work.

SURVEY OF AMERICAN COLOR SPECIFICATIONS: Our twenty-five page technical bulletin on this subject covering all the known methods of color determination for commercial use was made available to all members on July 5.

"Glazing for Metal Sash" - The Putty, Glazing and Caulking Compound Technical Subcommittee has recommended additional accelerated tests for evaluating the quality of glazing materials required by Federal Specification TT-P-781A.

Painting Manual - Representatives of the National Lumber Manufacturers Association, Forest Products Laboratory, and the National Paint, Varnish and Lacquer Association met in Chicago, on May 10 to consider the National Lumber Manufacturers proposed manual for painting exterior wood siding. As a result of this meeting a manual was drafted and it has been carefully reviewed by technical representatives of the three groups. Their final draft is now being considered by members of the Joint Committee.

GOVERNMENT PROCUREMENT: In response to my recommendation, Navy Aviation Supply Office revised their "Preliminary Notice of Award" to include a provision which is binding on the Government as well as the contractor that authorizes start of production pending receipt of formal contract.

NASO has advised that my recommendation for the removal of Government testing time from contractual delivery date and other suggestions for elimination of delivery delinquencies, has been forwarded to the responsible Navy Technical Bureaus for consideration in conjunction with their studies to develop new inspection and test procedures. We have received splendid cooperation from the Navy and I feel confident our recommendations will be adopted.

General Services Administration regional procurement offices have a long established practice of buying supplies, including paint products, by means of open-end contracts. On June 24 I conferred with GSA's Purchasing Division Director, Samuel A. Snyder. I pointed out the increased cost to the Government resulting from this practice, and gave Mr. Snyder information he desired to work out a more equitable procedure for the Government and our industry.

SCIENTIFIC SECTION: Fire Retardant Paint - A publication on fire retardant paint including legal aspects as well as the latest types of test methods is now in preparation.

Noise, Dust and Fumes - Preliminary determination of noise levels in four factories has been made. Plans are completed to collect representative data from a sufficient number of plants for a proper study of this problem.

Miscellaneous - Two circulars, one showing the relation of gloss of film to the dispersion of pigment, the other discussing types of natural finishes for exterior wood are being reviewed by Committee members. The accurate determination of small amounts of lead in paint covered by New York City label regulations is being studied in conjunction with the Departments of Health of New York and Chicago. A paper on "Vernacular in The Paint Industry" was presented at the American Chemical Society in Cincinnati. Copies are available from our Headquarters.

LEGAL AND LEGISLATION

Federal - An amendment of the Sherman Act increased the maximum fine for violation to \$500,000. An amendment of the Clayton Act creates a Federal Government action for actual damages resulting from an anti-trust violation, and a uniform four year statute of limitations.

Proposed laws being followed through by the Association: Government Competition bills; Tung Oil Act; Tax writeoffs for air pollution equipment; Revision of Philippine Trade Agreement; Revision of Robinson-Patman Act on price changes made in good faith; Minimum wages, Customs Simplification Act and Amendments to Flammable Fabrics Act. A Federal Air Pollution Study bill has been enacted.

State - Labeling of Hazardous substances bills were enacted in Massachusetts and Minnesota. These are acceptable and regulations will be issued after public hearing. Unsatisfactory labeling bills in Michigan, Connecticut, and Delaware and Contractors' license bills in Delaware, Maryland, Oklahoma, Oregon and Wisconsin died in Committee.

Toxic finishes law (Criminal) relating to toys and children's furniture still pending in New Jersey House Committee. I met with Toy Association members and a member of the New Jersey House Public Safety Committee in Atlantic City and presented our reasons for urging a practical and workable bill.

Net Content Labeling - The Committee on Methods of Sale of Commodities of the National Conference on Weights and Measures reversed their previous position and urged the Conference to require that containers for base color tinting systems be filled to full measure. We were successful in presenting reasons why the Conference should not adopt this proposal. The matter was referred to their committee on Laws and Regulations for report next year. At this Committee's request, I have appointed an industry committee to work with them. This Committee will meet in August.

Virginia Paint Law - Virginia Supreme Court of Appeals upheld the constitutionality of the Virginia Paint Law as a proper exercise of state police power. The Court also denied paint manufacturer right to recover selling price of paint sold in violation of Virginia Law. Therefore, failure to register paint makes the sale illegal and collection cannot be enforced in court.

Municipal - Revisions of the New York City Fire Department regulations relating to warning labels for combustible and flammable materials are now in final draft following several conferences with Manufacturing Chemists Association, Chemical Specialties Manufacturing Association, our members, a special Committee of New York Paint, Varnish and Lacquer Association and our General Counsel.

PRODUCT LIABILITY INSURANCE: Association representatives have conferred with Lukens, Washburn and Savage, Insurance Brokers of Philadelphia, Pennsylvania concerning possibilities of extended and improved coverage for product liability. These brokers have submitted a proposal of improvement of coverage and cost and clarity of extent of coverage. The proposal embraces an industry survey of insurance risks, needs and losses. It is under study.

TARIFF: The Association appeared before the House Ways and Means Committee on State Department sponsored bill (H.R. 6059) to amend the trade agreement with the Philippines. After calling the Committee's attention to the Philippine ban on paint imports, the Association urged enactment of the bill with amendment to prevent the Philippine Government from banning imports without a six months advance notice. A revised bill adopting our recommendations has passed the House and is before the Senate. It provides for a consultation period prior to any import ban and limits the reasons for banning imports. Enactment is expected.

The Dominican Republic is seeking an increase in paint duties which we are opposing.

TRAFFIC DIVISION: As a result of our testimony the Rail Uniform Classification Committee has withdrawn its proposal to increase the carload classification rating on paint products.

We filed a brief with the ICC urging cancellation of Middle Atlantic Motor carrier class rates which are based on the rail rate structure. A decision is expected this Fall.

As a result of our efforts the ICC will amend its Dangerous Articles regulations to exempt trucks carrying flammable paint in small containers from placarding.

The Commission declined to suspend a 20% increase in motor carrier rates on shipments under two thousand pounds in the South.

UNFAIR COMPETITION: The Federal Trade Commission has charged the Retail Paint and Wallpaper Distributors of America, Inc., six New York City and New Jersey Paint and Wallpaper Dealer Associations, certain of their officers and an undetermined number of member dealers located in New York City area, with a conspiracy to suppress competition in the sale of paint, wallpaper and related products.

According to the Commission's complaint, the defendant associations and their officers and members conspired to force paint manufacturers to sell their products only to dealers recognized by the associations. The charge is made that the defendants reactivated the Paint Dealers Institute to present "a united front of dealers against paint manufacturers who sold to retailers not recognized by respondents as paint dealers".

Mail Fraud proceedings against National Titanium Company resulted in the company filing an affidavit with the Post Office Department agreeing to discontinue claims that its product covers solid more than 650 square feet per gallon in one coat and dries to a high gloss finish. As a result the Postal authorities dropped fraud proceedings against this firm. However, the Federal Trade Commission has again initiated investigation of this Company for a new cease and desist action.

FTC cease and desist proceedings have been started against the American Antimony Company of Los Angeles, California. This Company's mail literature, which refers to a public warehouse and claims the paint is identical to nationally sold brands at twice a \$2.75 gallon price is charged as false and misleading. This FTC action is the result of our complaint to and discussions with the Commission.

The Federal Trade Commission has not taken further action on a mastic coating Trade Practice Rule. We still urge prosecution of fraudulent applying concerns under existing law.

INDUSTRIAL PRODUCT FINISHES: The Industrial Product Finishes Technical Subcommittee met in Atlantic City, May 17, 1955. Attendance was excellent. Three technical papers were presented (1) Lacquer for Plastics: (2) A Fancy Formula for Finer Films and (3) Review of New Vivid Tinting Colors for Automobile and Industrial Finishes. Copies are available at Association headquarters. The National Seminars were successful and well attended on May 18, 1955. It was recommended that future seminars be scheduled for one day only.

Discussing the Interest of End Users, the need was indicated for a generic term for "Industrial Product Finishes" which will be concise and have meaning for the public. The Association's Paint Statistics Committee will consider and determine the most effective survey to implement the End Users program.

In connection with our program for quality upgrading of furniture finishes, I recommended to John Snow, Executive Secretary of the National Association of Furniture Manufacturers, that NAFM establish a Finishes Committee. We would provide representatives to attend meetings of that committee when furniture finishes are discussed, and NAFM would appoint a representative to attend our meetings under similar circumstances.

JUNIOR EXECUTIVES COMMITTEE: I organized a Junior Executive Committee, composed of management personnel immediately below the rank of President or Chairman of the Board, or their assistants.

A group of junior executives, present at the Seminars in Atlantic City, met on May 18, 1955, to discuss purposes of the committee. In general, the objectives will be to provide opportunities for the industry's junior management to meet and discuss mutual problems through a junior executive's perspective.

PUBLIC INFORMATION DIVISION: News releases have dealt with the painting of masonry and wood. The advantage of repainting automobiles at frequent intervals has been pointed out, advances in can linings and electrostatic finishing were stressed. Tying in with FHA program, the idea of using the monthly payment plan on painting homes has been widely publicized.

At our suggestion and with our guidance the Department of Health, Education and Welfare is preparing a pamphlet on causes and symptoms of lead poisoning for nationwide distribution through Federal, State and municipal channels.

6,200 copies of the booklet "Painting Toys and Children's Furniture" have already been distributed. Copies are being requested for distribution at Child Health Conferences, for use by members of clinical and nursing staffs, for infants' and children's clinics and maternity clinics. They are also being distributed in connection with home safety campaigns and are being sent to doctors' offices, to foster parents homes and to cerebral palsy centers.

Good Housekeeping Magazine has been assisted in an article for their August issue. Another "How To" book, along similar lines, is to be published shortly by "Living

for Young Homemakers". Four articles on various phases of paint for beauty and protection were prepared for "Home Builders Monthly". Articles and suggestions were prepared for Pathfinder Magazine. Also "Better Living" and McCall's have scheduled a social feature on kitchens and we have forwarded them suitable material.

A quantity of material on the paint industry was furnished for Ripley's "Believe It Or Not". The University of Maryland used much of our material in their summer courses for women.

CLEAN UP - PAINT UP - FIX UP: The expansion of the national program was emphasized by the presentation at the annual convention of the United States Junior Chamber of Commerce in Atlanta of a special award for Distinguished and Unique Service to the Jaycees. Plans have been made for three separate mailings to local Jaycee Chapters by the Jaycees headquarters for the 1956 programs and an article in Jaycee magazine (Future) has been prepared.

The Ernest T. Trigg Trophy was won by San Antonio for 1954.

During the past three months the Director of the Bureau, Mr. Kiefer and I have participated in 42 meetings in 18 areas.

STATISTICAL DIVISION: The Credits and Collections Report for April, May and June has been mailed to participating members.

The Survey "Percentage by Color Paint Sold by Paint Manufacturers for 1955" and "The Survey of Color Card Usage" has been issued to all members.

Demand for the "National Consumer Survey of Painting Habits" continues strong -- 6,000 copies have been distributed as of July 1.

Tabulations on the Employees Report for the period June 1, 1954 to December 31, 1954 have been made and reports were sent to members.

TRADE SALES: The Trade Sales Steering Committee and the newly created Advertising and Sales Promotion Manager's Steering Committee met in May. As a result of a directive of the Executive Committee a committee was appointed at the meeting of the Trade Sales Steering Committee to determine reasons for loss of trade sales and to recommend action to regain these sales.

Stress was laid on the promotion of time payment selling by dealers and contractors and several plans have been presented for our information. The use of color in sales promotion was also a major topic and the Color Promotion Subcommittee is developing a color program for the Association.

The need for further work by the Association in intensive sales training was discussed. It was felt the need is now greater than ever before because of newly developed and modern paint products.

It was recommended that regional meetings be held for trade sales and advertising managers so more could participate in Association programs and such a meeting will be called after our Convention.

The Joint Paint Industry Coordinating Committee will meet July 21 to consider an educational program to encourage consumer use of time-payment programs. Appren-
tice training plans will also be discussed.

FILM PROGRAM: A total of 349 color and black and white prints of the films
"Water - The Hidden Menace to Homes", "Here's How" and "The
House in the Middle" are now being circulated. Ninety percent of these prints
are being used effectively at all times.

A total of 241 television stations in 44 states, the District of Columbia, Alaska
and Hawaii have used the "Here's How" film, featuring Norman Brokenshire.

"The House in the Middle" has been shown by 75 stations in 34 states and the
District of Columbia.

The first six months of 1955 total of all film showings was 2,377 with audience
figures of over 25,000,000.

Many repeat requests are being received for all films and there is an ever in-
creasing interest from all sources using these films.