

R. W. Elton

MINUTES
EXECUTIVE COMMITTEE MEETING
NATIONAL PAINT, VARNISH AND LACQUER ASSOCIATION, INC.
Waldorf-Astoria Hotel
New York-New York
July 23, 1936

A regular meeting of the Executive Committee of the National Paint, Varnish and Lacquer Association, Inc., convened at 10:00 A. M., (E.S.T.) Thursday, July 23, 1936 in the Waldorf-Astoria Hotel, New York City, with Mr. E. S. Phillips presiding and the following in attendance:

W. F. Bennett	E. D. Griffin	Wm. Richter
F. M. Carter	S. R. Motlack	C. J. Roh
O. J. S. deBrun	L. P. Moore	F. L. Sulzberger
S. C. Dunning	E. S. Phillips	Ernest T. Trigg
D. W. Figgis	R. A. Plumb	H. E. Webster

Guests

C. W. Eastwood	Benjamin J. Patterson
George Jenkins	James S. Wolf
DeLancey Mountz	William Zintl

Association Staff

Dr. H. A. Gardner	M. Q. Macdonald
Ruehl W. Elton	

Absent

W. C. Debney	J. B. Lord
M. L. Hovey	Wells Martin
H. F. Rice	

J. Heath Wood

CALL TO ORDER

The meeting was called to order by the Chairman Mr. E. S. Phillips with an introduction of the guests.

MINUTES OF LAST MEETING

The Secretary stated that there was no unfinished business from the last meeting not cared for in the agenda for the present meeting. The Chairman stated that in view of the fact that copies of the minutes had been mailed to each member of the Committee, the minutes would be approved without reading if there were no objections; there being no objections, the minutes were approved.

REPORT OF BUDGET AND FINANCE COMMITTEE

C. J. Roh, Chairman of the Budget and Finance Committee reported that the Budget and Finance Committee held a meeting this morning at which time a

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report of the Association income and expense for the nine months from October 1, 1935 to June 30, 1936 was thoroughly reviewed as well as was the balance sheet as of June 30, 1936. He reported that arrangements had been completed with the Aetna Life Insurance Company for Group Life Insurance covering the employees of the Association at an approximate cost of \$600.00 per year. Mr. Roh reported that the bill which had been presented in Congress providing for the construction of a new War Department Building in Washington, which if passed would necessitate the moving of Association Headquarters, had failed to pass, thus ending for the time being the necessity for considering the possible sale of Association property to the United States Government. Mr. Roh reported that the Committee had discussed the possibility of increasing the amount of insurance carried in the name of certain employees and stated that additional consideration would be given to this subject.

REPORT OF TREASURER

As Treasurer Mr. C. J. Roh presented a statement of income and expense for the period from October 1, 1935 to June 30, 1936 (copy attached) and advised that the statement shows approximately \$3,800.00 more in cash than at this time last year, that the Accounts Receivable are about the same, excepting that there is approximately \$2,500.00 more receivable from Class A members and approximately \$2,500.00 less receivable from local associations, that the assets of the Association are less by approximately \$10,000.00 due to depreciation on building and equipment, that all schedules are well within the budget and that the income analyzed shows an increase of approximately \$15,000.00 over the same period for last year. Mr. Roh stated that the market value of marketable securities is better than the book value.

On motion by President Trigg duly seconded, the reports of the Chairman of the Budget and Finance Committee and of the Treasurer were received and filed.

REPORT OF SCIENTIFIC SECTION COMMITTEE

Mr. Sulzberger, Chairman of the Scientific Section Committee, stated that the Committee held a special meeting in New York approximately five weeks ago to consider the subject matter covered in circulars Nos. 507 and 508. He stated that as a departure from the Committee's usual custom a number of representatives of industry and of the government were present at the meeting on invitation. Mr. Sulzberger stated that he would request Dr. Gardner to report in some detail on what happened at the meeting.

REPORT OF SCIENTIFIC SECTION

Dr. H. A. Gardner stated that at the meeting in New York all members of the Committee with the exception of Mr. Neal were present and that in addition Mr. Kallett of the National Lead Company, Mr. Nelson of the New Jersey Zinc Company, Dr. Brown of the Forest Products Laboratory and Mr. Hickson of the Bureau of Standards were in attendance on invitation.

Dr. Gardner stated that the Committee had very carefully reviewed the material for circular No. 507 "A Preliminary Study of the Physical Properties of High Grade Prepared Paints for Exterior and Interior Surfaces" (copy attached) and circular No. 508, "A Study of the Washability of Interior Wall Paints", (copy attached), and had made numerous suggestions for modification of the details as presented in the proposed circulars; he stated that the circulars had been

revised in keeping with the suggestions made by members of the Committee and that copies of the circulars were mailed to all members of the Association last week. Dr. Gardner stated that it was the opinion of those in attendance at the meeting that it was possible at the present time to write specifications, based on physical properties, for interior paints but that it was not feasible at the present time to write specifications, based on physical properties, for exterior paints. Dr. Gardner stated that the pamphlet on "Washability of Interior Wall Paints" had carried some conclusions regarding casein paints which the Committee recommended be omitted from the circulars being mailed to the entire membership; he stated that the portion of the circular pertaining to casein paints was omitted from the circular as mailed to the entire membership and that that section of the circular was mailed to all members of the Association who manufactured casein products.

Dr. Gardner reported that the perilla planting experiment was coming along satisfactorily and stated that approximately sixty-eight plantings in thirty different states had been made. Dr. Gardner expressed the opinion that the promotion of oil growing projects all over the world would be one of the best projects the Scientific Section could develop in the future.

Dr. Gardner stated that the Scientific Section had been giving some thought to the methods used by paint manufacturers in handling complaints developed in connection with the use of their products and he distributed forms developed by the Scientific Section for use by salesmen or dealers in reporting on complaints on exterior paints (copy attached); he expressed the belief that the use of these charts would eliminate many replacements and that the subject merited study on the part of members of this Committee.

Dr. Gardner also reported on the following Scientific Section Circulars which have been sent in proof form to the members of the Scientific Section Committee for approval. These will be issued when finally approved:

- Tung Oil in Tropical Isles
- Molybdenum Oxide
- Priming and Painting Brick Structures
- Quality of Bituminous Paints Used for Roof Coating and Water-proofing
- An Improved Hardness Rocker
- The Rocker Value and Drying Time of Soft Films
- Painting Mineral Siding
- Miscellaneous Notes on Some New Lacquer Materials:
 - Organic Silicon Compounds in Lacquer
 - Oil-soluble Products in Lacquers
 - Exterior Exposure Tests on Some Plasticizers

Mr. Richter expressed the opinion that the development of the "complaint forms" was very timely.

Mr. Sulzberger stated that the meeting of the Committee referred to above was the first meeting to which outside consultants had been invited; he stated that the visitors referred to brought much of value to the Committee and he raised a question as to whether or not a small Scientific Section Committee as now organized is the best plan or whether it might be advisable to increase the size of the Committee to make it more representative. Mr. Sulzberger stated that if it is determined that the present Committee is sufficient in size he believes it will be advisable to hold more meetings with consultants from other sources.

PRODUCT LIABILITY INSURANCE

President Trigg stated that in reply to a letter of inquiry on the subject of product liability insurance authorized by the Executive Committee at its meeting in January many letters have been received from members of the Association indicating a real interest in the subject. He stated that as a result of these letters a plan had been worked out with Lloyd's of London for a product liability insurance policy for exclusive use by members of the Association at a cost of 50% of conference rates or 50% of what it would cost if written through other companies. President Trigg stated that the form of policy is more favorable from the standpoint of the insured than policies written by other companies covering this form of insurance; he stated that while the policy had not as yet been officially approved by Lloyd's there was every reason for believing that the policy would be approved. President Trigg referred to a copy of the policy and of the application (copy attached) and discussed various provisions of the policy in some detail.

In answer to a question by Mr. Bennett, President Trigg stated that there was no minimum limit of applications required in order to make the insurance effective. In answer to a question by Mr. Richter, President Trigg stated that the policy covered house paints as well as industrial products. In answer to a question by Mr. de Brun, as to what constitutes property damage, President Trigg stated that damages caused by fire or explosion would be covered by the policy but that the ordinary run of "complaints" due to failure of paint products or for other reasons would not be covered.

Mr. Sulzberger referred to a case in which the fumes from the painting of a building caused rayon dresses to lose their color. President Trigg and Mr. Macdonald expressed the opinion that this damage would be covered by the proposed policy.

Mr. Phillips stated that he had been advised Lloyd's of London has no license to write business in the State of New York but President Trigg stated that he had been assured business under this policy would be written in New York.

Dr. Plumb cited a case involving his company in which stolen drums of material were later involved in a fire which caused personal injury; the company found it advisable to make a cash settlement on the case. He expressed the belief that every manufacturer in the industry should carry product liability insurance.

President Trigg pointed out that general publicity on the subject might invite claims and suggested that no other publicity than a notice to the members of the Association be given; he expressed the opinion that it would probably be a mistake for manufacturers to notify their dealers about this coverage.

Mr. de Brun pointed out that if it became generally known what companies carried product liability insurance this information might invite claims against those companies.

Mr. Moore expressed the opinion that his company's liability along the line referred to was not at all serious and he stated that they were not particularly interested in product liability insurance.

President Trigg referred to a case in Indiana in which a painter was killed when a can of floor coating exploded or caught fire. While the manu-

facturer successfully contested the case in court he was put to considerable expense which could have been avoided had he been covered by proper insurance.

It was moved by Mr. Bennett, seconded by Mr. Matlack that the matter of "product liability insurance" as presented by President Trigg be submitted to members of the National Association. Motion carried.

REVISION OF NON-EXCHANGE AGREEMENT

Chairman Phillips requested the members of the Committee to take with them copies of the proposed revision to the Non-Exchange Agreement with the further request that they study these proposed revisions, advise President Trigg regarding any suggestions they might have for changes in the proposals; he stated that at the next meeting of the committee these proposals (copy attached) together with suggestions submitted by members of the committee would be considered for final adoption.

ROBINSON-PATMAN BILL

Chairman Phillips stated that President Trigg had sent a letter to a selected list of members of the Association requesting opinions on certain questions pertaining to the Robinson-Patman Bill, and that he had also asked Mr. Thomas J. McFadden, formerly General Manager of this Association, and now a member of the law firm of Donovan, Bond and Leisure to prepare an opinion based on this list of questions; Mr. Phillips expressed the opinion that the Robinson-Patman Act might give the answer to some of the problems which have bothered the members of our industry for a long time.

President Trigg stated that Mr. McFadden had given more attention to the Robinson-Patman Act, through its various stages, than anyone with whom he is acquainted and he said he felt particularly fortunate in being able to secure at this early date as able an opinion on the effect of the Robinson-Patman Act on the paint industry as Mr. McFadden had prepared.

President Trigg read the letter which it is proposed to mail to members of the Association setting forth the questions presented to Mr. McFadden and his opinions thereon. (copy attached)

President Trigg stated that those same questions had been presented to a few members of the Association with the request that they be referred to their corporation Counsel for an expression of their opinion. When the replies to these letters have been received they will be reviewed for additional information of value to the membership of this Association.

Mr. Phillips expressed the opinion that the Association should keep members advised with regard to opinions received, on the effect of the Robinson-Patman Act on our industry, and suggested the possibility of presenting to the Federal Trade Commission a list of interpretations by representatives of our industry with a request for an opinion from the Commission. Mr. Carter stated that he believed the request for an opinion from the Federal Trade Commission was a bit optimistic and Mr. Macdonald concurred in this opinion; Mr. Macdonald stated that he believed it would be very difficult for the Commission to express any opinion prior to the establishment of some facts through definite cases. Mr. Carter stated he believed it was a very good idea to send to members of the Association the proposed letter as presented by President Trigg.

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Mr. Sulzberger stated he believed it should be kept clearly in mind that this presentation is not an Association ruling on which to base action but is merely an expression of opinion on certain questions affecting the industry.

President Trigg stated that Association Headquarters would continue to review other opinions as received and might deem it advisable to send out additional statements to members of the Association.

Mr. Phillips stated that since this is a very live subject and that future opinions might disclose acts on the part of members of our industry which are or are not permissible it might be advisable to appoint a sub-committee of the Executive Committee to further study the matter.

Mr. Carter stated that he believed Mr. Macdonald could function as satisfactorily as a sub-committee and he expressed the opinion that it might be advisable in sending out information to members of the Association to confine suggestions to what can not be done rather than to what can be done; he stated that he believed this would be an excellent service to the membership.

Mr. Macdonald expressed the opinion that there would be very few changes based on adjudicated cases for quite some time to come. Mr. Dunning expressed the opinion that in view of the fact that opinion received from counsel to other companies might differ materially from the opinions submitted by Mr. McFadden it might be advisable to withhold the mailing of the proposed letter until an opportunity has been had to review it in connection with additional opinions to be received.

President Trigg stated that he had looked over all questions that have been received from members of the Association with regard to the Robinson-Patman Act up to date and that he believes practically all questions asked so far could be answered from the opinions as given by Mr. McFadden; he expressed the belief that it would be advisable to mail these opinions to members of the Association at the earliest possible date.

Mr. Figgis expressed the opinion that the mailing of this report at the present time might get action on the part of manufacturers at a time when inaction might be more desirable; Mr. Trigg, Mr. Carter and Mr. Phillips all expressed the opinion that any action which might develop now as a result of the Robinson-Patman Act would be constructive rather than otherwise.

Mr. Sulzberger expressed the opinion that action at this time might be decidedly destructive instead of constructive; he stated that he had already heard of certain manufacturers, who had very few small accounts, who were talking of reducing prices made to small buyers to the same price extended to large buyers.

Mr. Matlack stated that he believed there should be a small sub-committee to keep closely in touch with this subject and President Trigg stated that he believed there should be such a committee with which headquarters could keep in close contact. He suggested however, that this committee while it might well be representative of the Executive Committee could probably be strengthened by adding to it certain representatives of this Executive Committee.

Mr. Moore stated that he believed the appointment of a sub-committee was a good idea but that he felt the Association should go slowly in sending out material on the Robinson-Patman Act and that he believed it would be better for this sub-committee to report back to the Executive Committee. ✓

Mr. Sulzberger stated that in his opinion the sub-committee should be in the nature of a study committee rather than an action committee and that it should report back to the Executive Committee before releasing information. ✓

Mr. Webster expressed approval of the appointment of a sub-committee but stated this committee should study what other industries are doing or are going to do with regard to the Robinson-Patman Act and that it should report back to the Executive Committee before any action is taken. ✓

Mr. Griffin stated that he agreed with Mr. Webster's opinion in that he does not believe the committee should rush out with opinions prior to approval by the Executive Committee; he stated that he agreed with Mr. Sulzberger in the opinion that we should make it clear, and keep in mind, that the opinions prepared by Mr. McFadden are in the nature of opinions only and are not to be considered "a book of rules".

Dr. Plumb stated that he thought it would be a fine thing to clear opinions and information regarding the Robinson-Patman Act through a study committee.

President Trigg stated that the letter of transmittal accompanying the McFadden opinions would be clarified to indicate that the opinions were submitted for information only and not for guidance in the handling of specific cases. ✓

There was distributed for the information of the members of the Committee a copy of "The Federal Trade Commission decision in the Goodyear Case with supplementary comments on its relation to the Robinson-Patman Act". (copy attached)

CONVENTION ASSESSMENT

Article IX of the By-Laws of the National Association provides that "the assessment at the Annual Convention shall not exceed twenty dollars (\$20.00) for each person attending the convention; the amount to be determined by the Executive Committee prior to opening of convention."

It was moved by Mr. Trigg, seconded by Mr. Webster, that the question of establishment of assessment for the 1936 annual convention be referred to the Entertainment Committee with power to act within the limits defined by Article IX of the By-Laws of the National Association. Motion carried. ✓

SUGGESTIONS FOR CONVENTION PROGRAM

President Trigg stated that he believed it might be advisable this year to limit the annual convention to three sessions, the first session to open at 2:00 P. M. on Wednesday, November 18, the second session at 2:00 P. M. on Thursday, the 19th, and the final session to open at 10:00 A. M. on Friday the 20th. He stated that this would require the boiling down of many reports

and that he thought this would probably be a beneficial action. He stated that there was under consideration the preparation of a talking motion picture which would endeavor to show to the members of the Association the entire National Headquarters set up and to present reports in such a way as to carry to the representatives a more definite picture of the organization made possible through their membership. President Trigg expressed the opinion that this picture after being shown at the National convention would be a fine vehicle for carrying to local Associations a graphic presentation of their National Association

Chairman Phillips asked the members of the Committee to give some thought to the program for the 1936 convention and to send any suggestions which they might have for the development of the program to President Trigg.

Proxies for Convention Opening Meeting

President Trigg stated that on June 9th the official announcement of the dates for the 1936 convention was mailed to all members of the Association and stated that this announcement (copy attached) in order to be in strict accord with the By-Laws provided for an opening session of the convention on November 4, 1936, although the business sessions of the convention would be held on November 18, 19, and 20, 1936.

President Trigg stated that again to be in strict accord with the By-Laws and so that the opening session on November 4th could be official, he would request fifty representatives of the Association to furnish proxies in order that a quorum might be present for this session.

A copy of the proxy (copy attached) was presented to the members of this committee for signature.

Appointment of Nominating Committee

President Trigg stated that in compliance with Section 13 of Article IV of the By-Laws of the National Association he recommended for appointment as members of the Nominating Committee the following individuals:

J. Vincent Reardon, The Reardon Company, St. Louis - Chairman
A. V. Crary, Continental Can Co., New York
J. E. Ingram, Pittsburgh Plate Glass Co., Pittsburgh
Willard E. Maston, The Eagle Picher Sales Co., New York
R. H. Oakley, Oakley Paint Mfg. Co., Los Angeles
John E. Thomas, Hooker Glass & Paint Mfg. Co., Chicago

It was moved by Mr. Richter, seconded by Mr. Figgis that the recommendations submitted by President Trigg for appointment as members of the Nominating Committee be approved. Motion carried.

Membership

President Trigg reported that Mr. Phillips had been successful in securing an application for Class B membership from the Archer-Daniels-Midland Company effective as of January 1, 1936.

The Secretary presented the following list of firms together with the Membership Committee's recommendation that the memberships be cancelled:

American Varnish Co., Chicago, Ill.
L. F. Bidwell Finish Co., Peabody, Mass.
Capitol Paint Mfg. Co., Oklahoma City, Okla.
H. A. Carroll & Co., Memphis, Tenn.,
Certain-teed Products Corp., New York, N.Y.
Consolidated Paint Co., Los Angeles, Calif.,
Drewes & Ernst, Philadelphia, Pa.
Dry Color Paint Co., Los Angeles, Calif.
Fro-Lac Products Co., Glendale, Calif.,
Globe Paint Co., Los Angeles, Calif.
Gold Seal Paint Products, Inc., Klamath Falls, Ore.
F. H. Greenwood, North Hills, Pa.
H. Kahn & Co., Philadelphia, Pa.
Master Builders Co., Cleveland, Ohio
Midco Paint & Color Co., Oklahoma City, Okla.
Mineral-Lac Paint Co., Philadelphia, Pa.
James L. Parsons, Portland, Ore.
The Perisec Company, New York, N.Y.
Pysol, Inc., Hawthorne, N.J.
The Rausin Paint Co., Oklahoma City, Okla.
Rutland Fire Clay Co., Inc., Rutland, Vt.
Albert K. Sheldon Co., Cambridge, Mass.
Walter L. Trainer Co., Philadelphia, Pa.
Whitley-Kice-Montgomery, Fort Worth, Texas

It was moved by Mr. Trigg, seconded by Mr. Matlack that the recommendation of the Membership Committee for the cancellation of the memberships listed be approved. Motion carried. ✓

There being no further business to come before the Committee at this session the meeting adjourned at 3:00 P.M.

Reuel W. Elton

Secretary

See Memo attached re Painters License Bills