

MINUTES
EXECUTIVE COMMITTEE MEETING
NATIONAL PAINT, VARNISH AND LACQUER ASSOCIATION, INC.
EDGEWATER BEACH HOTEL
CHICAGO, ILLINOIS
JANUARY 9, 1935

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A regular meeting of the Executive Committee of the National Paint, Varnish and Lacquer Association, Inc., convened at ten A.M., Wednesday, January 9, 1935, in the Edgewater Beach Hotel, Chicago, Illinois, with Mr. E. S. Phillips presiding, and with the following in attendance:

W. F. Bennett
F. M. Carter
W. C. Dabney
O. J. S. de Brun
S. C. Dunning
D. W. Figgis
M. L. Havey
Wells Martin
S. R. Matlack

H. A. Melum (representing L. P. Moore)
Joseph D. Patton
E. S. Phillips
R. A. Plumb
H. W. Rice
Wm. Richter
C. J. Roh
F. L. Schulzberger
Ernest T. Trigg

Association Staff

H. A. Gardner
Robert K. Shannon
Laurence Kiefer

M. Q. Macdonald
C. H. Flynn
R. W. Elton

Absent

J. B. Lord
L. P. Moore

H. E. Webster
J. Heath Wood

CALL TO ORDER

The meeting was called to order by the Chairman, Mr. E. S. Phillips, who stated that this was the organization meeting of the new Executive Committee and referred to the fact that the Constitution provides that "the officers of the Executive Committee shall consist of a Chairman and a Vice-Chairman who shall

be elected annually at the organization meeting of the Executive Committee from its membership".

ELECTION OF CHAIRMAN

Mr. Sulzberger placed the name of Mr. E. S. Phillips in nomination for election as Chairman of the Executive Committee and the nomination was seconded by Mr. Patton. Mr. Sulzberger as Vice-Chairman asked for additional nominations and hearing none asked for a vote on the nomination of Mr. Phillips; the election was unanimous.

ELECTION OF VICE-CHAIRMAN

Mr. Dabney placed the name of Mr. Frank L. Sulzberger in nomination for election as Vice-Chairman of the Executive Committee, the nomination being seconded by Mr. Richter. The Chairman called for additional nominations and hearing none asked for a vote on the nomination of Mr. Sulzberger as Vice-Chairman; the election was unanimous.

PATTON MEMORIAL

At the request of the Chairman the Secretary read the following memorial to Mr. Ludington Patton, prepared by a special committee appointed at the last meeting of the Executive Committee consisting of H. W. Rice, Ernest T. Trigg, L. P. Moore, Chairman:

"The Executive Committee of the National Paint, Varnish and Lacquer Association, Inc., having been apprised of the death, on October 20, 1934 of their old friend and associate,

LUDINGTON PATTON

heraby record their profound sense of loss:

"RESOLVED that in the death of Lufington Patton, not only the industry but the individual members thereof have suffered an irreparable loss. During a third of a century Mr. Patton has been an exemplar of unselfish service in its behalf, unsparing of his time, interest and advice.

"As one of the instigators of the Educational Bureau and as its Chairman during its formative stages, his contribution to both the practical and moral progress of the industry has been invaluable; while as Chairman of its Unfair Competition Bureau, during more recent years, his influence in the elimination of practices inimical to the morale and repute of the industry, in no small measure contributed towards its present enviable repute.

"As a fellow worker, we shall miss his wise counsel; as a constructive advisor, we shall miss his sound advice; and as a personal friend, we shall long mourn his absence from our meetings."

The resolution is followed by the signatures of all members of the Executive Committee, and is to be sent to Mr. Patton's family.

MINUTES OF LAST MEETING

It was regularly moved and seconded that in view of the fact the minutes of the previous meeting had been mailed to all members of the Executive Committee, the reading of the minutes be dispensed with. Motion carried.

REPORT OF BUDGET AND FINANCE COMMITTEE

Mr. Charles J. Roh, Chairman of the Budget and Finance Committee, advised that the Committee had held two meetings in connection with the preparation of a budget for 1935 and submitted for approval the following summary of the proposed budget:

Administration	\$ 90,000.00 (Includes 5000 Reserve)
Building Maintenance	5,609.00
Clean Up and Paint Up	16,000.00

Housing Administration	7,500.00	
National Industrial Sales Div.	7,500.00	
National Trade Sales Div.	7,500.00	
Save the Surface	7,800.00	
Scientific Section	40,535.00	
Traffic Bureau	3,500.00	
Unfair Competition Bureau	12,000.00	
Depreciation	<u>5,500.00</u>	\$203,449.00
*Code Authority		<u>17,450.00</u>
		\$220,899.00

*This figure only includes items for which separate accounts are set up - other charges against the Code Authority, such as salaries, rent, heat, light, etc., are included in the regular account of the National Paint, Varnish and Lacquer Association.

Mr. Roh called particular attention to the fact that two items in the proposed budget, namely, \$5,000.00 reserve and \$5,500 depreciation could be deducted from the total figures in arriving at an amount of income necessary to raise in 1935 to balance the proposed budget for 1935.

Mr. Roh stated that the prospective income for 1935 based on present commitments is as follows:

Dues	\$167,885.00
Indicated increase in dues (10%)	16,788.00
Interest on Securities	4,142.50
Code Assessment (Collected)	10,735.00
Subscription to Scientific Section Bulletin	1,250.00
Profit on Miscellaneous Sales	2,700.00
Special Subscription	<u>3,750.00</u>
	\$207,250.50

Mr. Roh offered to answer any questions with regard to the details of the various schedules making up the proposed budget.

At the request of the Chairman, President Trigg explained that the Association had taken on additional activities which he believed were entirely

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justified on the theory that the National Paint, Varnish and Lacquer Association is a service organization, not a savings organization. President Trigg expressed the belief that there will be sufficient new income during 1935 to more than offset the difference between the proposed budget and the prospective income statement, which makes no allowance for new income.

President Trigg reported that the Executive Committee at its last meeting had referred to the Budget and Finance Committee, with authority to act, the selection of a member of the staff to represent the National Paint, Varnish and Lacquer Association on the staff of the Federal Housing Administration; he stated that Mr. Theodore E. Damm had been selected for this position, and that while this expense item might not continue throughout the entire year, the Committee had included salary and expenses for the entire year in submitting the proposed budget.

President Trigg advised that an item of \$7,500.00 had been included in the budget for the expenses of the Industrial Sales Division, an item which has not appeared in the budget before this year, and he introduced Mr. C. Homer Flynn, who has been added to the Association staff to devote his entire time to the affairs of the Industrial Sales Division.

President Trigg stated that the National Industrial Sales Committee through its Sub-Committee on Distribution Methods is seriously considering a survey of distribution methods to be conducted through the Department of Commerce and which may cost approximately \$7,500.00; this item appears in the proposed budget for the expense of the National Trade Sales Division.

President Trigg stated that the \$17,000.00 included in the budget for Code expense only includes items for which separate accounts are set up - other charges against the Code Authority such as salaries, rent, heat, light, etc.,

are included in the regular account and budget of the National Paint, Varnish and Lacquer Association.

He stated that a program of constructive work had been prepared for the Association which should be of real benefit to the industry as a whole, and that in his opinion both the estimate of expense and the estimate of possible income are conservative.

Chairman Phillips stated that in his opinion the budget was very conservative. He advised that the Paint Industry Recovery Board had recommended a continuance for three months of the publication of "raw material replacement cost schedules" on the present basis (costing about \$900.00 a month) and had suggested that at the end of that time consideration be given to a revision of the method of distributing this information.

Mr. Richter stated that in the light of present conditions he considered the proposed budget for 1935 as ultra-conservative; he estimated the improvement in business for 1935 would be about twenty per cent increase over 1934. Mr. Richter suggested that the item of depreciation on furniture and fixture carried in the assets schedule of the report of the Treasurer might be increased when conditions warrant, and that the item covering the portrait of Norris B. Gregg carried in the same schedule might be written down to a minimum figure.

In answer to a question from Mr. Havey, President Trigg explained that the proposed budget for the Save the Surface Campaign is sufficient to carry the present program and advised that if income indicates the advisability of an expansion of this program an increase can be made during the year.

In answer to a question from Mr. Richter, President Trigg read the following communication indicating the scope of the work of the Save the Surface Campaign:

"An Explanation of the item PAINT PUBLICITY"

Weekly mimeographed releases to nearly 1,000 newspapers; stories from New York on the latest trends in decoration; stories from Washington urging property modernization and paint protection.

The weekly release of the 'Filler Feature' - a group of short paragraphs on the products of the Industry and their correct usage.

Usually referred to as the Real Estate Releases because they are addressed to the Real Estate Editors of newspapers

Occasional illustrated release to approximately 50 newspapers in mat form.

MAT RELEASES to Newspapers

Weekly releases to 132 radio stations - telling how paint protects and beautifies homes and urging listeners to take advantage of the Better Housing Program if they can't finance work themselves.

RADIO

Special stories for national home magazines and trade publications. (Between 50 and 60 were placed and printed last year)

MAGAZINES

Farm Releases to rural publications - regional and national (75 of them)

FARM PAPERS

Industry Promotion - letting the paint industry know what Save the Surface is doing to sell paint products.

PUBLICITY TO INDUSTRY

Reference material - magazines, books, newspapers, newspaper clippings - from which useful material can be gleaned."

In answer to a suggestion from Mr. Richter that the Save the Surface Campaign might indulge in some trick publicity stunts President Trigg referred to a full-page article which appeared in a recent issue of the Ladies' Home Journal, at no expense to the Association, entitled "Let's do Tricks with Paint" (see copy attached):

It was moved by Mr. Richter, seconded by Mr. Dabney that the report of the Budget and Finance Committee be received and that the budget as submitted for 1935 be approved. Motion carried.

REPORT OF TREASURER

Treasurer Charles J. Roh presented a statement of income and expense for the three months October 1st to December 31, 1934, and a balance sheet showing assets, liabilities and surplus as of December 31, 1934. (Copy attached.) Mr. Roh stated that it might be advisable to consider the question of revising the amount shown in the assets schedule for furniture and fixtures, library and portrait of Norris B. Gregg. It was moved by Mr. Fichter, seconded by Mr. Matl R., that the question of proper carrying charges for the items of furniture and fixtures, library and Norris B. Gregg portrait in the assets schedule of the Association be referred to a special committee to consist of President Ernest T. Trigg, Chairman of the Executive Committee, E. S. Phillips and the Chairman of the Budget and Finance Committee, Charles J. Roh. Motion carried.

The treasurer suggested that the special committee referred to above might also take under consideration the items of inventories, in the assets schedule, and investigate the value of marketable securities.

Treasurer Roh stated that the cash position of the Association is very good and referred briefly to each expense schedule shown in the report.

In answer to a question from Mr. Phillips as to whether or not any of the accounts receivable should be charged off Mr. Roh stated that he would prefer not to pass on that question at this time advising that it has been the policy in the past to charge off accounts receivable whenever thorough study of the case indicated the desirability of such action.

In answer to a question from Mr. Rice regarding the appraised values of land and buildings Mr. Roh explained that an appraisal had been made of the property which was somewhat under the book item, but that since the appraisal there has been an increase in values and a resultant increase in insurance.

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Following a discussion regarding the proper method for showing in the accounts of the Association the account receivable from the Paint Industry Recovery Board, it was moved by Mr. Figgis, seconded by Mr. Sulzberger that the special committee consisting of President Trigg, E. S. Phillips and C. J. Boh be requested to consider the question and make such revisions in the statements as may be necessary. Motion carried.

On motion duly made and seconded the report of the Treasurer was received.

REPORT OF SCIENTIFIC SECTION

Dr. Gardner brought to the attention of the Executive Committee a leaflet which was being distributed by the California Redwood Association. He suggested that similar leaflets were being distributed by the West Coast Lumber Manufacturers' Association and the Red Cedar Association. This leaflet featured white lead. Dr. Gardner spoke of the work which he had been doing to combat this situation, and referred to his visit with Dr. Compton of the National Lumber Manufacturers' Association, who admitted that the lumber association had made a blunder in backing a campaign which recommended only one type of paint. He stated that he was to have a conference on this subject with Mr. G. W. Dulany, Jr., Chairman of the Executive Committee of the National Lumber Manufacturers' Association in Chicago.

Mr. Carter explained that this campaign had been initiated by a Mr. Critchfield, a former lumberman who endeavored to interest the National Lead Company in the development of a "good paint campaign". Mr. Critchfield was referred to the Lead Industry's Association, an Association controlled by miners and producers of lead, who approved of his idea, and gave financial support to

the campaign. Mr. Carter stated that when he discovered they were making the campaign strictly a white lead campaign he advised that high grade mixed paint must be included in their promotion material; he stated that those conducting the campaign had met difficulty in determining how to designate "good mixed paint" and for that reason had indicated "high lead content".

President Trigg explained that he felt that it was a definite mistake for the Lumber Association to indicate any single product; he suggested that the circular referred to might be improved by recommending high grade mixed paint and white lead in oil.

It was suggested that President Trigg, Mr. Carter and Dr. Gardner hold a conference for the purpose of rewriting the subject matter of this circular for reference to Mr. Dulany of the National Lumber Association.

(Since this report, President Trigg, Mr. Carter and Dr. Gardner have had a meeting and have come to a mutually satisfactory agreement regarding the wording of the leaflet. The revision was taken by Dr. Gardner to Mr. Dulany who approved it and stated he would wire the various lumber associations to use the new material in future, provided this wording meets with the approval of the Lead Industries' Association.)

FORMULA DISTRIBUTION

Dr. Gardner referred to the distribution of formulas by raw material manufacturers direct to the customers of our industry, such as furniture factories, etc. He presented a statement on this subject, which had met with the approval of the Scientific Section Committee, and recommended that this statement be published in The Open Door and also in all trade papers. This recommendation was approved. The statement follows:

FREE FORMULAE FROM RAW MATERIAL MANUFACTURERS

This subject was brought to the attention of the Executive Committee

by a member of the Association at the meeting in October, 1934. The matter was referred to the Scientific Section Committee to develop further information regarding the identity of the manufacturers referred to and the specific offers made. Unfortunately such information has not been obtained. Nevertheless, the matter is considered of importance, and for this reason it is probably desirable that the Scientific Section Committee present its viewpoint to manufacturers of nitrocellulose base solutions, synthetic resins, solvents, pigments and other raw materials, through the medium of the trade press.

It is the belief of the Scientific Section Committee that extremely helpful suggestions may be made by the raw material manufacturers to the legitimate producers of paint and varnish products, and that cooperation of this kind is of great value. The development of new products through research by the raw material manufacturer really cuts down the cost of such work in the paint manufacturer's laboratory, and necessarily increases the legitimate demand for the newer materials.

Unfortunately, however, some manufacturers of raw materials are apparently continuing their activities in the way of furnishing anyone and everyone with specific formulas, showing just how to utilize their products in the making of finishes. It has been stated that they have gone to customers of the paint manufacturers and indicated to them that it would be cheaper to make their own paints on certain formulas than to buy them from legitimate manufacturers.

When this matter was brought to the attention of the Synthetic Resin Manufacturers' Association some time ago, that organization adopted a resolution which apparently would be extremely helpful, if religiously observed. This resolution, of which we approve, is as follows:

RESOLVED: The Synthetic Resin Manufacturers' Association, Inc., recognizes that it is the function of the paint, varnish and lacquer industry to develop, manufacture and service protective coatings, and that it is not in accordance with good or fair business practices for resin manufacturers to take any steps to induce users of paints, varnishes, and lacquers to manufacture their own requirements of these commodities in lieu of purchasing them from established manufacturers; and it is the intention of the membership of the Synthetic Resin Manufacturers' Association, Inc. to cooperate with the members of the Paint, Varnish and Lacquer Manufacturers' Association to this end.

It is probable, however, that other groups of raw material manufacturers have not adopted similar practice, and for this reason there is presented below a copy of the resolution adopted by the New York Paint and Varnish Production Club at a meeting early in February, 1933, (and subsequently adopted with modifications by many other paint and varnish production clubs throughout the United States). The resolution is as follows:

The members of the New York Paint and Varnish Production Club view with deep concern the indiscriminate distribution of formulation and costs of raw materials of paints, varnishes, enamels and lacquers by raw materials manufacturers and their representatives to dealers, distributors, architects, engineers, etc. We feel this practice as well as the offering of technical service to those other than legitimate manufacturers is detrimental to the paint, varnish and lacquer manufacturers, to their technical staffs, to the thousands of established jobbers and dealers and to the raw material industries for the following specific reasons:

We believe that:

1. This practice induces further productivity in an already overbuilt industry by making it incorrectly appear that the manufacture of paint and varnish products is a simple operation and can be easily accomplished without the aid of technical knowledge and experience.
2. This practice creates a false conception of paint and varnish costs in the minds of those receiving the information and many are induced to enter this manufacturing field who are ignorant of the cost of production,

distribution and overhead. The natural consequence is that paint and varnish products are offered by these newcomers in the manufacturing field at ridiculously low prices and what might be called dumping.

3. This dumping results in price demoralization and cut-throat competition between already established dealers and the price war is given further impetus by the retail outlets established by these inexperienced manufacturers. The dumping generally continues until the unfortunate newcomer in the field reaches the end of his resources, at which time he leaves the raw material houses holding the bag and suffers from the industry . . . his sole contribution having been an impetus to an already demoralized price situation.

4. It brings into the market products manufactured without correct technical control and therefore basically unsound and without practical uniformity.

5. It tends to mislead present established manufacturers as to the value of technical supervision and development.

6. It will retard further advancement in the art and science of paint and varnish development, which has resulted from the efforts of the paint and varnish technicians in cooperation with manufacturers of these products.

7. It cannot result in expanding the market for paint and varnish products in the aggregate and therefore cannot increase the sale of raw materials.

8. It increases the number of users of raw materials, resulting in increased cost of sales and distribution and increased financial risk to the raw material manufacturers.

9. Apparent gain in sales to the individual raw material manufacturers will be but temporary inasmuch as competitive or regular stock raw materials are promptly substituted for those on which the formula is being offered.

We believe that the discontinuance of these practices will tend to stabilize the paint, varnish and lacquer industry by the elimination of unsatisfactory products and unsound competition, and we further believe that certain information by raw material manufacturers as to their products is vital and desirable;

namely, information relating to the physical and chemical properties and peculiarities of these products but that the distribution of exact formulation should be discontinued, except on requests from, and only given to legitimate manufacturers.

It is suggested by the Scientific Section Committee that these conclusions be given careful study by all raw material manufacturers.

Mr. Richter stated that this situation was applicable to nitrocellulose and solvent manufacturers as well as to the manufacturers of synthetic resin.

Mr. Sulzberger stated that some pigment manufacturers were also distributing formulas to large users of their products; he further stated that he believed that a statement from this Executive Committee to raw material manufacturers generally might be very effective.

There followed a considerable discussion regarding the best method of distribution of the article referred to, and it was agreed that the material should be published in "The Open Door" and should be submitted to Trade Papers for their publication. 8

TOXIC VAPORS

Dr. Gardner then spoke at length on the subject of the comparative toxicity of benzol, toluol and xylol, and presented the following statement which he thought might be published to advantage in "The Open Door":

"In speaking of toxic vapors, Dr. H. A. Gardner has stated that his attention was recently drawn to the fact that an Insurance Company requested a prominent manufacturer to protect his employees against xylol and toluol vapors. This would, of course, make necessary the installation of certain types of draft fans in rooms where products containing these solvents were used in the manufacture of protective coatings. It has always been the understanding of the

Scientific Section that toluol and xylol were relatively non-toxic as compared to benzol, but, since all three solvents are derived from the same base, it is possible that in certain concentrations the former two might be considered dangerous. Dr. Gardner has studied the records of the U. S. Public Health Service; the Final Report of the Committee on Benzol, of the Chemical and Rubber Section of the National Safety Council; and various medical reports, the most recent of which is an article in the November, 1933, issue of the Journal of Hygiene, published by the Cambridge University Press, in Great Britain. The latter study, entitled 'An Inquiry into the Relative Toxicity of Benzene, and Toluene', is rather extensive, and the final conclusions are to the effect that toluene is a poison of the same type as benzene but acts less rapidly because of its physical-chemical properties.

"The Scientific Section has also discussed the matter with representatives of the Manufacturing Chemists' Association and others. It would seem desirable for paint, varnish and lacquer manufacturers who are using toluol and xylol to provide adequate ventilation to prevent the presence of excessive amounts of fumes in the air. It is also deemed of the greatest importance to suggest to these manufacturers that wherever their products contain substantial amounts of these materials, they be labelled as follows:

KEEP AWAY FROM FIRE AND USE IN A WELL VENTILATED PLACE

Cleanliness and Sanitary Precaution Avoids Danger with These Materials

"In this connection, Dr. Gardner states that one prominent lacquer manufacturer has adopted the plan of having any employee who is subjected to toluol, examined for blood count before taking the position. If there is any abnormality in the count, he will not be employed where toluol vapors are prevalent. If the blood count is normal, he will be re-examined at the end of each

six months, so that if any change occurs, he may be removed from that job and placed in other work."

Discussion of the subject indicated that publication of such an article might be too much of a scare-head, and for this reason it was suggested that there be printed in "The Open Door" a very brief statement to the effect that the Scientific Section has information on this subject, and that this information is available to members, should they write to the Scientific Section. This method of handling the matter was approved. ✓ 8
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TUNG OIL CORPORATION

Dr. Gardner then referred to the work that is being carried on to develop tung oil groves in the South. He suggested that the groves of the American Tung Oil Corporation would never be paying groves, and indicated the difficulties of disposing of these groves. He strongly recommended, however, that our organization keep in close touch with developments in the South, and encourage the development of tung oil on suitable lands and under proper conditions, and stimulate insofar as possible, through active propaganda work, the growth of tung oil in America. He suggested that this work be along the lines of the old Flax Development Committee on flax, and that it be continued actively by the Association at their headquarters in Washington.

Dr. Gardner commented briefly on the work carried out by the Scientific Section to bring into this country large quantities of Oiticica Oil from Brazil in order to make our manufacturers more independent of China in regard to tung oil.

CENSUS BUREAU OF STATISTICS

Mr. de Brum reporting for the Special Committee on "Census Bureau Lacquer Statistics" advised that this subject had been thoroughly considered by

the National Industrial Sales Committee, and that it was the special committee's recommendation that the Bureau of Census of the Department of Commerce be requested to substitute the following four classifications for the three classifications of lacquer sales (finished lacquers, dopes, thinners) shown at present in Census Bureau statistics:

1. Lacquer Bases and Dopes: All solutions consisting of nitrocellulose, solvents and diluents only and containing no resins, plasticizers or pigments.
2. Clear Lacquers: All solutions consisting of nitrocellulose and either resins, oils and/or plasticizers, solvents and diluents which deposit a transparent film.
3. Pigmented Lacquers: All solutions consisting of nitrocellulose, solvents and diluents, pigments and either resins, oils and/or plasticizers, which deposit an opaque film.
4. Thinners: All mixtures comprising solvents and diluents which are used for thinning nitrocellulose compositions.

On motion duly made and seconded the report of the committee was approved for presentation to the Bureau of Census.

SOUTHERN ZONE VICE PRESIDENT

Chairman Phillips reported that Mr. D. C. Burnham, Southern Zone Vice President had been transferred from Atlanta, Georgia to Philadelphia, and had tendered his resignation as Southern Zone Vice President. Mr. Phillips stated that the nominating committee had not as yet had time to suggest a successor to Mr. Burnham, and that this question would be submitted to the members of the Executive Committee for a mail vote.

DISTRIBUTORS COMMITTEE

Mr. E. S. Phillips as Chairman of the Distributors Committee reported that his committee had held a meeting Monday evening, January 7th, for the

purpose of considering a recommendation submitted by a special committee of the National Wholesale Paint Association recommending the amalgamation of the National Wholesale Paint Association with the National Paint, Varnish and Lacquer Association.

Following a discussion of the recommendation submitted by the National Wholesale Paint Association the Distributors Committee recommends to the Executive Committee the approval of the proposed amalgamation based on the following organization set-up:

1. Create a Class E membership, as follows:

- a. Any individual, partnership, association, corporation or other form of enterprise, or a division thereof, definitely organized to render and rendering a general wholesale service which buys and maintains at his or its place of business a stock of paints, varnishes, lacquers, white lead, turpentine, linseed oil and related products used in the painting business, and which through salesman advertising and/or sales promotion devices sells to retailers and/or to institution, or commercial and/or industrial users; it being recognized that it is not the character of a concern's buying but the character of its selling which marks it as a wholesaler.
- b. Class A members of this Association, performing wholesaling or distribution functions through branch warehouses, shall designate a representative to represent them in the Wholesale Division.

2. Membership dues for Class E members shall be based on total sales of last fiscal year of paints, varnishes, lacquers, white lead, turpentine, brushes, cold water paints, linseed oil and related products used in the painting business in accordance with the following schedule:

1. Under \$50,000 - - \$25.00
2. \$50,000 - \$100,000 - - \$50.00
3. Over \$100,000 - 1/20th of 1%

3. Association to create a new office to be known as the Wholesale Division Vice President, to be elected annually.

4. Executive Committee of Wholesale Division:

There shall be an Executive Committee of the Wholesale Division to consist of nine elected members to be divided as follows: -- three to be elected for a period of one year, three to be elected for a period of two years, and three to be elected for a period of three years - with the provision that no member who has served a full three year period shall be eligible to succeed himself until after a lapse of one year. The Chairman and Vice Chairman of the Executive Committee shall be elected by the Executive Committee from amongst its membership. The Wholesale Division Vice President shall also be an ex-officio member of the Executive Committee of the Wholesale Division.

5. Officers:

There shall be the following regular officers of this Division elected annually:

- A. Chairman of Division
- B. Vice Chairman of Division
- C. Chairman of Executive Committee
- D. Vice Chairman of Executive Committee
- E. Secretary

The Chairman of the Division shall be the one who is elected as the Divisional Vice President of the Association.

- 6. The Executive Committee of this Division shall report to the Nominating Committee of the Association at least six weeks in advance of each annual meeting of the Association, a name or names of candidates for election by the Association as Divisional Vice President.
- 7. The Executive Committee shall annually appoint a Nominating Committee whose duty it shall be to present to each annual meeting of this Division nominations for Vice Chairman of the Division to serve for the ensuing three years.
- 8. The Division shall elect its own officers except that of the Divisional Vice President who shall be elected by the Association.
- 9. The Executive Committee of the Wholesale Division shall recommend to the Executive Committee of the Association, the individual it desires to have act as Secretary of the Wholesale Division and of its Executive Committee.
- 10. Duties of Officers: The Chairman of the Executive Committee shall perform the usual duties which are to be assumed by the Vice Chairman of the Executive Committee in the Chairman's absence.

11. Secretary: The Secretary shall perform the usual duties subject to the direction of the Executive Committee of the Wholesale Division and subject to the President of the Association.
12. The duties of the Divisional Vice President shall be to act as Chairman of the Division - presiding at all meetings of the Division, making such appointments as may be required for in By-Laws, and also those required by action of the Divisional Executive Committee and carrying out any other provisions of the Executive Committee or of the Division. In the Chairman's absence his duties shall be performed by the Vice Chairman.
13. The Wholesale Division shall hold one regular meeting each year within three days in advance of the annual convention of the Association and shall hold special meetings on call of the Chairman or upon written application of five members of the Executive Committee with due notice.
14. The Executive Committee of the Division shall meet at least four times a year, said meetings to be held approximately three months apart. Special meetings may be called by the Chairman or upon the written request of a majority of the members of the Executive Committee.
15. The annual meeting of the Executive Committee of this Division shall be held immediately preceding the annual meeting of the Division as provided for in Paragraph 13 above.
16. The Wholesale Division shall act independently of the Association on all matters of policy not in conflict with the Constitution and By-Laws or principles of the Association. The Wholesale Division may make recommendations to the President of the Association, or through him to the Executive Committee of the Association, with regard to activities to be carried on in behalf of the Wholesale Division involving the expenditure of funds. Final decision with regard to such expenditures shall rest with the Executive Committee of the Association.

The Executive Committee of the Wholesale Division shall have the power to act for the Division between divisional meetings.

17. The Wholesale Division Vice President, as Chairman of the Division, shall furnish to the President of the Association, at least three days in advance of each regular meeting of the Executive Committee of the Association a report of the actions of the Division and/or the Executive Committee, which report will be presented to the Executive Committee of the Association by the President. The Wholesale Division Vice President shall submit through the President to the Executive Committee of the Association, at the annual meeting of said Executive Committee, his annual report of

the activities of the Division. The Executive Committee will review this report and return it to the Divisional Vice President, with its comments, for his presentation to the Association at the annual convention.

18. In advance of each annual meeting of the Association, the Executive Committee of the Wholesale Division shall recommend to the proper officers of the Association, such matters as it desires to have presented for consideration at the forthcoming annual convention of the Association.

19. Provision to be made that no wholesaler qualified for Class E membership shall be taken into the membership of a local organization without first becoming a Class E member of the National Association. After becoming a Class E member he may join a local association, or associations, without payment of the \$20 dues going to the National Association, but only upon payment of the local association assessment. This rule to be promulgated at once, but enforcement to be waived in cases where it seems necessary or desirable up to September 30, 1935, but not thereafter. If a Class A member of the Association manufactures less than 50% of his total volume of business of the products of the industry such membership shall be transferred to Class E membership and he shall pay dues accordingly: provided further that if such member so desires he may also continue as a Class A member by paying additional annual dues of \$25.00.

20. Voting by mail:
Executive Committee: When necessary the Executive Committee of this Division shall vote by mail on questions presented by the President or Chairman and a majority of the votes received within fifteen days shall be decisive.

Members: Questions which in the judgment of the Executive Committee of the Wholesale Division are sufficiently important for consideration of Class E members and representatives of Class A members and not important enough for a special meeting, may be voted upon by mail. A majority of the votes received within thirty days shall be decisive.

21. Committees:
There shall be such committees appointed by the Wholesale Division from time to time as seems necessary and desirable. The interests of the Wholesale Division should be merged with those of the general Association as far as possible. There should, for example, be a member or members appointed from the Wholesale Division on the Association's Credit and Collections Committee, and on such other committees as will serve useful purposes to the Wholesale Division and to the Association itself. When members of the Wholesale Division are appointed on the general committees of the Association, members from the Wholesale group shall make reports to the Wholesale Division from time to time as there may be matters to report on.

22. It shall be the duty of such standing committees as are appointed to present reports to the annual meeting of the Wholesale Division covering such points and embodying such features as may be of interest to the members; to formulate such recommendations and present them in such form and manner as may seem to serve the best interests of the Division. All reports shall be mailed to the Secretary thirty days prior to the annual convention.
23. The President of the Association shall be ex-officio a member of the Wholesale Division and of the Executive Committee thereof.
24. At meetings of the Wholesale Division, all Class E members shall have full privileges of the floor and all privileges of full membership with one vote. Representatives of Class A members in the Wholesale Division shall have all privileges including privileges of the floor with one vote. All Class E members shall have the privileges of the floor and all other privileges of full membership at meetings of the Association except voting privileges. The Wholesale group shall elect at their annual meeting immediately preceding each annual convention of the Association, delegates to the annual Association convention at the rate of one delegate for every ten members in good standing. In the election of delegates each member of the Wholesale Division shall be entitled to one vote but no representative of a Class A member of the Association shall be eligible to election as a delegate. Such delegates shall have full voting power at the Association convention.
25. President of the National Association to request the Presidents of the local Associations throughout the country to appoint a man from their Class E membership on the local Trade Sales Committee.
26. All applications for Class E membership in the Association shall first be referred to the Executive Committee of the Wholesale Division for approval, following which they will be presented to the Executive Committee of the Association for final election.

Following a considerable discussion of the subject and in answer to several questions President Trigg stated that the jobbers had had an association for about eighteen years, but had been unable to do much of a constructive nature for the benefit of the industry; they feel that they are in fact a part of the organized industry and should be more closely affiliated with the manufacturers. He expressed the opinion that out of this affiliation might come a closer understanding between the independent wholesaler and the manufacturer

who performs wholesale functions through warehouses. Mr. Trigg explained briefly the finances involved in the proposed amalgamation and stated that as nearly as could be determined the income would balance the expense involved.

Mr. Roh expressed the belief that the distributors need the support of the manufacturers, and that the manufacturers need the cooperation of the wholesalers and that the proposed plan will strengthen the organized program of the industry. He expressed the belief that there are worthwhile problems in the distribution field in the solution of which the manufacturer and the wholesaler can cooperate to their mutual advantage.

Mr. Richter expressed the thought that the manufacturers might be holding out hope to jobbers which could not be completely fulfilled, and from which there might later come disappointment.

Mr. Carter stated that he believed it would be a good thing to bring the jobber and the manufacturer into closer relationship through which the manufacturer might exert a beneficial influence.

Mr. Dunning stated that he believed the proposed amalgamation would bring about a more effective organization which would be of real benefit both to manufacturers and to jobbers. Mr. Martin stated that the Distributors' Association had done nothing really constructive for several years, but that some of the members of that Association believe a constructive program can be developed which would be of benefit both to distributors and to manufacturers.

Mr. Figgis stated that with the Headquarters of both associations under the same roof as they are at the present time in Washington, the Manufacturers' Association is able to give to the Wholesalers' Association the benefit of closer supervision, and that the advantages to be secured through a closer affiliation are in reality advantages to the manufacturer.

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Mr. Phillips stated that he believed the amalgamation would enable the Manufacturers' Association to give to the wholesalers the leadership which they need in order to improve the distribution end of the paint, varnish and lacquer manufacturing business.

Mr. Bennett expressed the belief that the amalgamation would bring more jobbers into membership in local associations and thus strengthen these important branches of the National Organization.

Mr. Melum stated that he did not see what advantages the jobbers would gain through the proposed amalgamation and expressed the belief that they might not be entirely satisfied with the set-up, and might at some time demand representation on this Executive Committee. He also felt that the Wholesalers' annual meeting coming just before the manufacturers' meeting would change the character of the manufacturers' meetings. Mr. Melum expressed the further belief that there might be later developments which would not be advantageous to the Manufacturers' Association and stated that in his opinion the jobbers' interests and possibly the manufacturers' interests would be best served if the jobbers continue their present organization with the cooperation of the Manufacturers' Association.

It was moved by Mr. Martin, seconded by Mr. Dunning that the recommendation as presented by the Distributors' Committee for the amalgamation of the National Wholesale Paint Association with the National Paint, Varnish and Lacquer Association be approved. Motion carried.

See next page

UNFAIR COMPETITION COMMITTEE

The Chairman advised that the Committee would be requested later to approve the appointment of the Unfair Competition Committee.

*Approved by
M. J. Smith*

OHIO FUEL TAX

At the request of the Chairman the Secretary read the following communication by the Cleveland Paint, Varnish and Lacquer Association to the Vice-Chairman of the Legislative Committee of the National Association for its action in helping to bring about a rescinding of the Ohio Fuel Tax:

December 27, 1934

Mr. Wm. J. Pitt
Legislative Committee
National Paint, Varnish and Lacquer Assoc.
300 Phillips Avenue
Toledo, Ohio

Dear Sir:

The Cleveland Paint, Varnish and Lacquer Association, through its Executive Committee, has instructed the Secretary to extend to you the thanks of the Club for the very excellent work which you did in connection with the rescinding of the fuel tax as it applies to the paint manufacturers of the State of Ohio.

This is just one of the several important matters on which you have been able to help us and we wish you to know that we appreciate what you have done.

Yours very truly,

CLEVELAND PAINT, VARNISH AND LACQUER ASSOCIATION

(Signed) N. W. PUTNAM

Secretary

TIME AND PLACE OF 1935 CONVENTION

It was moved by Mr. de Brun, seconded by Mr. Matlack that the President be authorized to arrange for Hotel facilities in connection with the 1935 convention to be held in Washington on dates in compliance with the provisions of the By-Laws. Motion carried. ✓

Mr. Hovey suggested that when the time and place of the 1935 Convention are announced, the membership be advised with regard to the advantages of holding the Convention in Washington. ✓

AUTHORIZATION TO SIGN CHECKS

The Secretary presented the following resolution to comply with a provision of the By-Laws:

"WHEREAS, Article IV, Section 5, of the Constitution provides that disbursement of the funds of this Association shall be made by voucher, signed by the Secretary, or, in his absence, by a representative authorized by the Executive Committee, and countersigned by the Treasurer,

"BE IT RESOLVED, That in the case of the death, illness, disability or absence from his office of the Secretary, T. S. Moulton, Accountant, is hereby authorized to sign checks and vouchers."

It was moved by Mr. Patton, seconded by Mr. Richter, that the resolution as presented be approved. Motion carried.

BUDGET AND FINANCE COMMITTEE

The Chairman announced the appointment of the following Budget and Finance Committee for 1935:

C. J. Roh, Chairman
D. W. Figgis
S. R. Matlock
H. A. Melum
William Richter
F. L. Sulzberger

J. D. PATTON RESIGNS

The Chairman presented the following letter of resignation received from Mr. Joseph D. Patton:

January 8, 1935

To the Chairman, Executive Committee,
National Paint, Varnish & Lacquer Association
Washington, D. C.

Dear Sir:

The thoughtfulness of the Executive Committee in appointing me to fill the unexpired term of my esteemed father is greatly appreciated, and I wish at this time to thank you for the honor and trust therein expressed.

However, due to many circumstances which I shall not attempt to explain, I find it impossible to continue in this capacity, and ask that you accept my resignation to take effect immediately.

Yours very truly,

/s/ JOSEPH D. PATTON

Mr. J. D. Patton stated that in view of the fact that Mr. E. D. Griffin had been appointed general manager of the paint division of the Pittsburgh Plate Glass Company he deemed it advisable to tender his resignation as a member of the Executive Committee in order that the Pittsburgh Plate Glass Company might be represented on the Executive Committee by the manager of the paint department if the suggestion met with the approval of the Committee. Mr. Patton expressed the pleasure he had enjoyed through association with the members of the Committee, and expressed regret that he found it necessary to present his resignation.

President Trigg explained that he had discussed the situation with Mr. Patton and that in moving the acceptance of the resignation he wished to express the Executive Committee's very sincere regret and to thank Mr. Patton for the very good work he has done for the Association and for the industry as a whole, and to further express the hope that he will continue to closely cooperate with the Executive Committee and the Association in their activities. The motion was seconded by Mr. Figgis and carried.

ELECTION TO FILL VACANCY

It was moved by Mr. Richter, seconded by President Trigg that Mr. E. D. Griffin, General Manager, Paint Department, Pittsburgh Plate Glass Company, be elected a member of the Executive Committee to fill the vacancy caused by the resignation of Mr. Patton. Motion carried.

NATIONAL REPRESENTATIVE IN NEW YORK

Mr. Dunning stated that the question of the appointment of a national representative in the New York area has been discussed at length in New York and that the New York Paint, Varnish and Lacquer Association strongly recommends to the Executive Committee of the National Association that such an appointment be made.

Mr. Roh read the following communication from Mr. James S. Wolf, President of the New York Association, under date of January 4th, and his reply to Mr. Wolf under date of January 5th:

January 4, 1935

Mr. Chas. J. Roh
Murphy Varnish Company
224 McWhorter Street
Newark, New Jersey

Dear Mr. Roh:

This is just to remind you that when you attended a meeting of the Executive Committee of the New York Association some time ago, you indicated a willingness to recommend to the Executive Committee of the National Association at its next meeting, the appointment of a New York Deputy of the National Association.

In view of the fact that I understand that a meeting of the Executive Committee of the National Association will be held in Chicago next week, I am bringing this matter to your attention.

Sincerely yours,

/s/ JAMES S. WOLF

President

January 5, 1935

Mr. James S. Wolf, President
New York Paint, Varnish & Lacquer Association
386 Fourth Avenue
New York, N. Y.

Dear Mr. Wolf:

I have your letter of January 4th, and I hope I did not give everybody the impression that you received at the Executive Committee meeting of the New York Paint, Varnish and Lacquer Association which I attended recently.

As I remember it, I said I would give the matter favorable consideration, but I certainly did not have in mind saying that I would recommend to the Executive Committee of the National Association the appointment of a New York Deputy.

The thought that I had was that I would give it favorable consideration in the light of our National financial picture.

To be perfectly frank with you I do not see how I can recommend it after going over it repeatedly.

I am writing you promptly about it because I do not want any misapprehension regarding it. I have come to the conclusion notwithstanding that I would naturally want to please the membership of my own Association, but in fairness to all the associations I really cannot see how I can advocate it.

Very sincerely,

CJR/LB

/s/ C. J. ROH

Mr. Phillips stated that if the National Association were to place a Deputy in the New York area they would undoubtedly be called upon to do the same in Chicago, in Philadelphia, and in other large centers; he stated that the finances of the National Association would not permit of this expansion. Mr. Phillips expressed the belief that this desire on the part of the New York Association for a National Representative developed as a result of conditions brought about by the Code of Fair Competition, conditions which might not continue very far into the future, with the consequent lessening of demand for such an appointment.

Mr. Dunning stated that he realized the situation in which the National Association was placed by such a request and that under the circumstances he did not feel justified in pressing for a favorable decision at this time.

ADJOURNMENT

The meeting adjourned at two-fifteen P.M.

Respectfully submitted,

Renel W. Elton

Secretary

R.W.Elton:emm

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