ACCOUNTS RECEIVABLE - CUSTOMERS LEDGER:

Ledger Debit Balance, March 31st, 1937 $61,750.45

This balance is made up as follows:

Not yet due	$48,216.68
Past due (over thirty days)	13,533.77
	$61,750.45

Following is a list of accounts, which at March 31st, 1937, have been on the books for a period of ninety days or more, and also accounts which I believe some explanation is necessary:

Slow Accounts:

De Gregory Paint Stores - Los Angeles, California: $ 57.00

Balance on purchase made January, 1937. This has been called to the attention of our agent at the above address, and their letter of July 30th states that this balance will be cleared upon receipt of duplicate invoice covering this amount.

Keaton Tire and Rubber Company - San Francisco, California: $ 159.70

Unpaid balance on invoices dating from November, 1936. The above company are operating under a Creditors Agreement, and our proof of claim was filed in June, 1937. For some unknown reason this balance has been omitted from the Overdue Statement. I have asked that this account be transferred to "Uncollectible Accounts" in July business. Full recovery of this balance is very doubtful.

Pittsburgh Plate Glass Company - Portland, Oregon: $ 26.25

Unpaid invoice of January, 1937. I was unable to find any correspondence indicating that this unpaid invoice had ever been called to customers attention. A letter together with copy of invoice was forwarded to their office on August 3rd calling this item to their attention.

Rainbow Paint and Chemical Company - New York City, New York: $ 21.75

Unpaid invoice of November, 1936. The above company filed petition for reorganization in March, 1937. Our claim should have been presented at that time, but was not filed until July. Our agent, the Fifth Avenue Protective Association are endeavoring to have claim accepted. This account had not been transferred to Uncollectible Accounts and was omitted from Overdue Statement.

(Continued)

ACCOUNTS RECEIVABLE - CUSTOMERS LEDGER (Continued):

Smith Chemical and Color Company - Brooklyn, New York: $ 11.70

This balance represents freight charges and will be cleared upon receipt of original freight bills by this office.

Taylor Tilery - Santa Monica, California: $ 46.50

Unpaid invoice dating from January, 1937. This account has been referred to our Los Angeles agent for collection.

Tyre Brothers Glass and Paint Company - Los Angeles, California: $ 42.00

Balance on invoice dating from August, 1936. I was unable to locate any correspondence in files calling this unpaid item to customers attention. I have asked that a statement be made up showing the status of this account and forwarded to customer. Account is considered collectible.

Vita - Var Corporation - Newark, New Jersey: $ 45.00

This balance represents credit due customer on price adjustment of September, 1936, purchases. No credit memorandum has been issued, and apparently account has not been reconciled for quite some time. This balance will be adjusted in July, 1937, business.

Wooster China Company - Wooster, Ohio: $ 10.00

Unpaid balance dating from September, 1934. Correspondence shows that the status of the above account was definitely established as bad in the year 1934, and account should have been charged off at that time. This account had not been transferred to Uncollectible Accounts and was omitted from Overdue Statement. I have asked that this account be cleared in July business.

Uncollectible Accounts:

All accounts which are secured by securities, covered by claims, etc., are carried in "Uncollectible Accounts" until such a time as the exact status of account is definitely established. The following is a list of Uncollectible Accounts on the books at March 31st, 1937, and which are unpaid or not charged off as of July 31st, 1937.

(Continued)

ACCOUNTS RECEIVABLE - CUSTOMERS LEDGER (Continued):

Uncollectible Accounts (Continued):

Joe Booth Paint Company - Dallas, Texas: $ 265.02

Balance in this account dates from October, 1935. Correspondence on file indicates that this customer has always been poor pay. Mr. Stolte threatened several times to turn account over to an attorney for collection, however, nothing was ever done about it, and the above company are now out of business. This account is bad and should be cleared from the books.

Keystone Pottery Company - Trenton, New Jersey: $ 81.90

Balance in this account dates from July, 1932. The above company filed voluntary bankruptcy in April, 1935. Our claim for $83.33 was filed in June, 1935, and a final dividend of $1.43 was received in December, 1935. This account was definitely established as bad in December, 1935, and should have been written off at that time. I have called this to Mr. Stolte's attention and account will be cleared in July, 1937, business.

Lehman Brothers - Jersey City, New Jersey: $ 60.26

Balance in this account dates from October, 1929. The above company have been operating under a Creditors Agreement since March, 1930. Original claim of $70.88 has been reduced to the above balance by three dividends of $3.54 each. There is no correspondence later than October, 1936, on file regarding status of this account. Full recovery of this balance is very doubtful.

Tibbetts - Carr Company, Ltd. - Los Angeles, California: $ 379.75

Balance in this account dates from June, 1935. The above company have been operating under a Creditors Agreement since October, 1935. Consent to assignment of our claim in the above amount was filed in January, 1936.
The last report, October 21st, 1936, of the Assignee, indicates that if any dividend at all is received, it will be at least a year from date of his report.
From a survey of correspondence on file, I personally think that no recovery will be made on this account.

I examined in detail, all correspondence in connection with slow and doubtful accounts carried on the books of this department.

LIABILITIES

ACCOUNTS PAYABLE - CUSTOMERS:

Ledger Credit Balance, March 31st, 1937		$ 151.36

The following account has at March 31st, 1937, been on the books for a period of ninety days or more:

Mutual Paint Manufacturing Company - St. Paul, Minnesota:	$ 10.00	

This balance represents overpayment on invoice of December, 1936. There is no correspondence or copy of statement on file to show that overpayment has ever been called to customers attention. I have called this to Mr. Stolte's attention and adjustment will be made at time of next purchase.

SALES COMMITMENT ACCOUNT:

Ledger Credit Balance, March 31st, 1937		$1,972.23
This balance was verified as follows:		
Amount covering billings to customers for material not delivered, and which have not been paid for	$ 739.23	
Amount covering billings to customers for material not delivered, but which have been paid for	1,233.00	
	$1,972.23	

It was found that it had been the practice to bill some customers for materials before making shipment. These billings were not charged against "Customers Accounts" until after shipment was made. In cases where payment was received before shipment was made, payment would stand out as a credit to customers account until after application of shipment.

Instructions were issued, that all future billings to customers for unshipped materials were to be charged against "Customers Accounts" and credited to "Sales Commitment Account". As shipments are made against these commitments, they are to be charged to "Sales Commitment Account" and credited to "Sales"

All accounts of the above nature, some dating back to September, 1936, were set up on the books as of March 31st, 1937.

BOOKS AND RECORDS CHECKED:

The books and records of this department were found to be in good order.

PNYC0001068