FRICTION MATERIALS STANDARDS INSTITUTE, INC., E-210 ROUTE 4, PARAMUS, N.J. 07652

SAVE

Report on Activities of the Board of Directors

This report covers activities of the Board of Directors since the Annual Membership Meeting in June 1978. It was reported at the June 29, 1978 session of the Membership Meeting that the Board of Directors had elected the following Officers for 1978-79 terms: Mr. Frances E. Messier, President; Mr. Ronald R. Moalli, Vice-President; Mr. William F. Messier, Treasurer; Mr. Edward W. Drislane, Secretary. At the Board of Directors Meeting it was voted to retain Gorman and Cole as Legal Counsel for the 1978-79 year. The Board of Directors voted to accept the expense budget of $91,250 for the 1978-79 fiscal year. The Board of Directors voted to retain the prior year's fee formula for the 1978-79 year.

During the year, the Board of Directors took several actions by mail ballot. In addition, they reviewed and made recommendations on other items of concern to the Institute. They asked the Asbestos Study Committee to review the proposed "Friction Materials Work Practices Guide" and make recommendations to the Board of Directors. Acting on recommendations by the Asbestos Study Committee, the Board voted to proceed with publication of the "Friction Materials Work Practices Guide." The Directors reviewed a report on the FMSI Qualified Employee Pension Plan. They reviewed the delinquent receivable from the Hayes-Albion Corporation and recommended pursuit of collection without use of a collection agency or legal firm. They asked Counsel to review the Consumer Product Safety Act to see if asbestos-containing brake linings were a consumer product under the definition of the act. Acting on recommendations of the Asbestos Study Committee and Legal Counsel they decided that representation would not be made to the Consumer Product Safety Commission as regards recall procedures for brake linings. The Board of Directors voted to accept the name changes of two Regional Members. One was Francisco Stedile, S.A. of Brazil to Fras-Le, S.A. The other was Rusco de Colombia to Colfriccion, S.A. The Directors concurred on investment of Institute funds in U.S. Treasury obligations and they voted to transfer funds from savings accounts to the Whitehall Money Market Fund. The Directors concurred in extending an invitation to Mr. J. L. McGovern to address the Friction Materials Standards Institute at the June 1979 Meeting. The Directors reviewed procedures as regards granting others permission to use the Institute copyrights and trademarks. The Directors voted to accept the application of the Guardian Corporation of Brighton, Massachusetts to serve as an Active Member of the Institute.

E. W. Drislane
Secretary

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FRICTION MATERIALS STANDARDS INSTITUTE, INC., E-210 ROUTE #4, PARAMUS, N.J. 07652

April 24, 1979

TO: BOARD OF DIRECTORS

SUBJECT: FEDERAL LEGISLATIVE DRAFT "ASBESTOS HEALTH HAZARDS COMPENSATION ACT"

An Institute member has forwarded me a draft copy of the "Asbestos Health Hazards Compensation Act." This draft was prepared by an industry legislative drafting committee for which Johns-Manville coordinated most of the work. Other asbestos manufacturers such as Unarco Industries and Jim Walter participated in this drafting. In most cases, it was probably legal counsel for the various corporations who worked on the draft in consultation with their technical people. The draft that we are enclosing is patterned after a House Bill, called the Fenwick Bill in the last Congress (HR8689). No action was taken on the Fenwick Bill at that time. The draft legislation proposes an asbestos type compensation plan perhaps patterned after the coal miners compensation bill. As I do not have the legal know-how as to where the act was drafted from or patterned after, I will confine my comments to an area that would impact the manufacturers of friction materials if it were to be enacted into law. I am not commenting on the possibilities of it being enacted in the form in which it is now drawn.

After seeing the draft of the legislation I talked with Mr. Jim Reis of Johns-Manville concerning industry viewpoints on this legislation. It is difficult to quote exactly what we discussed but Johns-Manville is familiar with this and has been advocating some type of a compensation act of this nature. The main pressure along this line may be the growing number of product liability suits which are being aimed at producers and manufacturers of asbestos products. It would be the intent of such legislation to have a fund supported by the asbestos industry, the tobacco industry, and the US government with payments based on certain formulas for those who suffer disability or death from employment-related diseases caused by asbestos. Mr. Reis indicated that there was no overall industry consensus concerning such legislation.

I then called Mr. Bob Pigg at the Asbestos Information Association concerning the AIA and its members' attitudes towards this legislation. Mr. Pigg indicated that the AIA has no position. It is leaving to its individual members discretion as to whether they should or should not support such legislation. The AIA, as with the FMSI, is a tax-exempt organization and as such cannot lobby directly for or against legislation. However, I believe we can send in our views on legislation and the individual members would, of course, be encouraged to. If we were to comment to the industry legislative drafting committee we would probably direct our remarks to Mr. Dennis Markusson of Johns-Manville or Mr. Bob Emerton of Jim Walter Corporation. Mr. Markusson is Chairman of the drafting committee and Mr. Emerton has coordinated some of the recent work.

This industry legislative committee had a meeting on April 10, 1979. In order to identify what will be termed "Class I" products, as described on page 9 of the draft, the committee recommended that "Exhibit A" listing the type of manufacturer be incorporated as the "Class I" type party. At the end of the draft you will note that

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"Exhibit A" (which would then become Class I parties) includes, on the bottom line, "Friction materials, automotive."

Then if you will refer to page 26 of the draft, you will find that Class I parties would be assessed a contribution amounting to $325 per ton of asbestos fiber purchased and used 15 years ago. Had friction materials manufacturers not been included on Exhibit A, which has never before been part of the legislative draft, they would then be considered a Class II party for which the assessment would be $32.50 per ton. In other words, if a certain Class I manufacturer used 10,000 tons of asbestos in his products in 1965 he would be assessed $3,250,000 in 1980. Had the friction materials manufacturer not been included in Exhibit A (which becomes Class I) the assessment would be $325,000 for the 10,000 tons of asbestos. This, of course, can be scaled down proportionately where the consumer of 1,000 tons would be assessed $325,000 under Class I and $32,500 under Class II.

There are other parts to this suggested legislation which may be of concern to members. Products imported into the United States might be somewhat difficult to control where the imported changes for a certain foreign manufacturer. In other words, the entire burden would most probably be born by a domestic manufacturer even though they attempt to write the importer into the regulations. In the proposed legislation there are provisions made for those who acquired certain entities who were manufacturing asbestos products in the past. Based on the draft, a company like Lear-Siegler would be responsible for the World-Bestos usage and the old Krasne products.

I am circulating this draft to the Asbestos Study Committee as well as to the Board of Directors. Where appropriate, this legislation draft should be referred to legal staffs. Some members of the Institute who are also members of the Asbestos Information Association may already be reviewing this work prior to expressing opinions. I don't believe the Institute at this time can take any position on this legislation as it must have input from the Membership.

It is, of course, interesting to note that the mining and the production of asbestos is not assessed. Obviously most mining is done in Canada and United States legislation could not reach that producer. The burden is to be born by those manufacturers who use asbestos and turn it into a finished product.

It would appear that the listing of Friction Materials in Exhibit A (Class I) groups our manufacturers with others who are distributing products primarily to the construction industry. It is known that the construction industry (shipyards) was where the first significant asbestos disability appeared. I don't believe there have been any significant claims on the part of friction materials installers concerning asbestos related disability. It would appear that the grouping of friction materials manufacturers with construction materials manufacturers is out of place. I would think that friction materials should more likely be grouped with the Asbestos Cement Pipe, Floor Tile, Paints Coating and Sealants, Gaskets and Packing and similar type production lines. While there have been several epidemiological studies run in the construction area, the first of any signifcance with auto mechanics or garage repairmen working with brake linings is that which Mount Sinai is now conducting for NIOSH. While granting that a survey by Mount Sinai may have bias, we should at least see the results of this study prior to grouping friction materials manufacturers with those manufacturers supplying the building trades.

I would welcome any comments and suggestions on a course of action for the Institute. Individuals might also make their viewpoints known to this industry legislative drafting committee. I don't believe there is time enough to respond quickly to the detailed items which appear in this proposed legislation. I think that the most important item in the document is that which appears on the last page of the proposed bill (Exhibit A). The addition of "Friction materials, automotive" to this list of asbestos users seems out of place. I can even see opposition from members included as any type of party subject to this assessment. I believe that it will be very difficult for the Friction Materials Standards Institute to take a position on this draft legislation. This is somewhat like the attitude that the Asbestos Information Association has taken according to my conversation with Mr. Bob Pigg.

I would be most receptive to any comments, suggestions and recommendations by the Board of Directors and Members of the Asbestos Study Committee.

E. W. Drislane
Executive Director

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APR 16 1979

PRIORITY ATTENTION PLEASE

11 April 1979

Memorandum For: EXECUTIVE COMMITTEE

Subject: Draft "Asbestos Health Hazards Compensation Act" - information concerning

Ref: AIA/NA Memo. of 3 April 1979

Addressees will recall that a draft copy of an "Asbestos Health Hazards Compensation Act," as prepared by an industry legislative drafting committee, was sent along by the reference.

An all-day meeting to review the draft bill was held in Washington, D.C. (Capital Hilton AM and J-M's office PM) yesterday, April 10. Bob Emerton, Jim Walter Corporation, served as acting chairman of the drafting committee in the absence of Dennis Markusson, J-M.

There were a number of editorial changes to the draft that were concurred in by the industry representatives present. The most significant were:

(1) Page 1 of draft - Add as a finding in section 101 that "The United States has, for a significant period of time, engaged in the importation, sale and distribution of asbestos fiber." Would have specific reference to sales from the strategic stockpile.

(2) Page 9 of draft (classes of products and substances) - Appendix A, which would identify Class I products, was distributed at the meeting (see copy enclosed). It will be noted that this list is an exact reproduction of Appendix A from the original Fenwick Bill (H.R. 8689) introduced in the last Congress. However, this list was not produced beyond draft form and was never published as a part of H.R. 8689. Emerton (813/871-4769) would like any comments on this list within 10 days.

(3) Page 26 of draft (contributions to the Fund) - Revised amounts of \$325 and \$32.50 for Class I and Class II respectively (10:1 ratio). These figures were computed on basis that \$50M is estimated as industry's per annum required contribution; average of 800,000 short tons of asbestos per year has been consumed in U.S. over last 15 years; and assume 10% to Class I and 90% to Class II. (\$325 x 80,000 s.t. = \$26M and \$32.50 x 720,000 s.t. = \$23.4M)

FMSI 07340

A second draft of the bill, to include all changes agreed on at yesterday's meeting, is expected to be distributed next week.

New subject - Excerpts from J-M's 1978 Annual Report speaking to "The Asbestos Issue" may be of interest and are enclosed.

Bob

B. J. Pigg
Executive Director

Enclosures

bjp/cn

EXHIBIT A

Insulating and acoustical spray materials

Calcium silicate sheets

Dry wall spackling and patching compounds (joint cements)

Asbestos paper, unsaturated

Roofing felt, unsaturated

Millboard, unsaturated

Asbestos textiles, untreated

Asbestos-cement sheets

Friction materials, automotive

Unarco Industries, Inc.

332 S. Michigan Avenue
Chicago, Illinois 60604
Phone 312 341 1234

William C. McLaughlin
Corporate Counsel

March 27, 1979

ASBESTOS FORUM

Dear Fellow Members:

Enclosed you will find a suggested draft of a bill to be presented in Congress, prepared by the Legislative Drafting Committee of this Forum. While it does represent the efforts of a good cross-section of our group, suggestions as to possible revisions are, of course, welcome.

We are arranging for a meeting of the entire Forum in Washington at 9:00 A.M. on April 10, 1979. At this time, hopefully we can agree upon a bill acceptable to all. Thus, after having reviewed the draft with your own people, we assume you will come prepared to work toward a final draft.

It is also possible that at this time we may hear from one or more of the public relations firms that have studied our situation.

Given the need to use a hotel conference room for a meeting of this size, I suggest we devide the cost evenly among the member of this Forum.

When I know where we will be meeting, I will notify you. I will leave it to each of you to make your own hotel reservations.

Very truly yours,

William C. McLaughlin

WCM:ABC
encl.