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Deposition Summary

of

A. Hunter Golladay

taken

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Page	Summary
	DIRECT EXAMINATION BY MR. ROSENTHAL FOR PLAINTIFFS
7	A. Hunter Golladay, lives at 3733 Northaven Road. Business address is 8900 Sovereign Road, Dallas, Tx. Employed by Welco Manufacturing Company of Texas, he is the president, and has a partner.
8	Never had a deposition taken before.
9	He understands that the plaintiff in this case, Eloy Marin, claims to have contracted mesothelioma, cancer, this is where he first heard of it.
10	Prior to the filing of this case, he understood that exposure to asbestos can cause cancer, first heard in 1970, 1971. Also first heard of asbestosis in 1971.
11	Heard about asbestosis through OSHA, EPA, and his insurance company. Carriers was his worker's compensation carrier.
12	He set the company up, at the present time, they have 35 employees. There is also Welco Manufacturing Company, Inc. in Kansas City, Missouri.
13	The other company was set up in 1947, made form breakers for aluminum casting and things of that nature, roof coatings, then they entered the drywall manufacturing field in the late 1950's. Also, there is a Welco Manufacturing Company of Virginia.
14	The others are separate corporations, but they are owned by the same shareholders. Kansas City and Virginia companies still manufacture drywall products.
15	Earl E. Stover is the president of the Kansas City Plant, and is Chairman of the Board of all three corporations. Welco of Virginia was incorporated in 1972, privately held.
16	Mr. Stover owns shares in all three companies. He is a partner with mr. Stover in the Welco Manufacturing Company of Texas. Deponent owns 40% of the stock in Texas. Education: two years of college at Oklahoma University in 1935. Attended public high school in Oklahoma City.

17 Then went to work for Grand Paint and Paper Company in Oklahoma City for 11 years, until 1943 when he went into the Army.

18 He was a city salesman with Grand Paint and Paper Co. After he got out of the service, he went to work for Florman Manufacturing Co., paint manufacturer in Pueblo, Colorado in 1946, worked there until 1948, was a territory salesman. Then he went to work for American Marietta Company in the subsidiary of Sewall Paint and Varnish in Kansas City, was a sales promotion manager.

19-6 Worked for Sewall Paint until 1951, then went to work for the **Synkoloid** Company in Dallas, until 1963. He was Vice President, General Manager of the eastern half of the United States. **Synkoloid** manufactured joint compounds, textures, patching, medias. He has had previous experience with drywall products.

20-22 In 1939, he sold on the first job, Oklahoma City, of USG on a house, when employed by Grand Paint and Paper. The trade name of **Synkoloid** was **Synko**.

21-14 His job duties there were production, sales. There were 125 employees under him. The drywall products that were manufactured by **Synkoloid** contained asbestos. In 1963, he set up his own company, Welco manufacturing Company of Texas.

22-19 He had three friends in the Kansas City Plant, they found out he was leaving **Synkoloid**, and asked him if he wanted to get involved in setting something up in the Dallas Market. He left the **Synkoloid** Company because they merged with Clute Corporation, a Denver Company, and he did not like the situation.

23-4 **Synkoloid** still continued to manufacture drywall products after the merger. Today, they are basically in the paint business, operating out of Los Angeles. In 1963, Welco produced joint compounds, texture paints, floor underlayments, patching mediums, tile graphs, casein paint, latex interior wall paint, and exterior masonry paint. Since, Welco has cut out all paint.

24 80% of Welco sales was in drywall products during the 1963 to 1970 era.

25-18 When they set up, they used some of the Kansas City formulas, then some of his. He has a good knowledge of formulation from the **Synkoloid** Company. Wel-Cote is their trade name.

26 They also make a product called Wel-Cote Ready Mix. They made a dry powder, called Wel-Cote All Purpose Joint Compound. The Ready Mix product was formulated in 1964, and sold in 1965. Joint compound powder contained calcium carbonate, mica, asbestos, and preservatives, and the powder contained casein.

27 The asbestos was used to form the body, to give it the thick tropic nature, to help retain the body and help prevent shrinkage. It had nothing to do with the heat resistant qualities. He is familiar with answers to interrogatories provided to attorneys.

28 The joint compound powder contained 9% asbestos, then it was reduced after 1970.

29 Difference between Ready-Mix and Joint Compound Powder: Ready Mix was bound with a PVA, where the powders were either bound with starch or casein. The PVA is an adhesive liquid, polyvinyl acetate.

30 The Ready Mix was pre-mixed, and sold in paste form. Same percentage of asbestos in it. Texture products were also a big selling item, texture paints, acoustical type textures, and hand applied textures. Commercial texture and Acousti-Spray and the spray surfacer.

31 The Acousti-Spray was the largest seller, contained aggregate, made in fine, medium, and coarse, used to simulate acoustical type texture, no acoustical value about it. The only purpose of the acoustical was for decoration, sold in 25 pound bags, powder to be mixed with water, applied with a spray gun.

32 Asbestos content of the Acousti-Spray was 3 to 4 percent, asbestos to give it body. After 1970, they deleted the asbestos content, but continued to sell it. In 1972, they deleted it from all textures and products, with the exception of joint compounds.

33 Commercial texture is a smooth type texture very similar in appearance to All Purpose Powder Joint Compound, there was no asbestos in it after 1972. Prior to that time, it contained 3 to 4 percent asbestos. The function of that texture: was mixed with water, brushed on a wall, or rolled. Would look like a sand finish.

34 Its sole function was decoration. The Acousti-Spray was strictly a spray material, gave a pebbly looking finish.

35 The commercial texture was a smooth texture and had no aggregate in it whatsoever, had to pull whatever texture finish one wanted. Spray surfacer was very similar to the Acousti-Spray in appearance, manufactured in smooth, fine, medium, and coarse. It had an extremely hard finish, due to the lime content, had a perlite aggregate rather than vermiculite. It was also purely for decorative purposes.

36 The harder finish would not scar up as bad, would hold paint, or if unpainted, would hold up to washing. They sold 60% Acousti-Spray, 35% spray surface, and 5% commercial. Started producing the spray surfacer in 1963, quit in 1970.

37 Discontinued the spray surfacer because they were unable to get the graded perlite. From 1963 to 1970, the spray surfacer had 3 to 4 percent asbestos. Welco Duo-coat Joint Compound, they thought they had a formula on that product that would be very good.

38 However, the Duo-coat turned out to be not too stable of a product, so they only made it for about one year in 1967. It was a powder form, contained 9% asbestos. It was more expensive, and the applicators would not pay the price.

39 Welco block filler was an inert material that contained asbestos, mixed with paint to produce a block filler. Used to fill the pores in cement blocks, building blocks. The Masonry Fill-Cote had low content asbestos, lower than 3%, cement product, depends on mechanical bond for it adhesion.

40 The block filler was 4% asbestos. Those two products are manufactured by Welco today, but asbestos free since 1972. All Purpose Joint Compound, Ready-Mixed, and Duo-Cote, commercial were the only joint compounds they made.

41 From 1963 to 1970, the Ready-Mixed was 50% of the sales. Duo-Cote was 3% of sales. 60% in powder and 40% in Ready-Mixed.

42 The Ready-Mixed and the All Purpose continued to contain asbestos after 1971. There was a progressive drop in the asbestos content of those products, so that by 1974, the last year, the joint compounds had only half of one percent asbestos. The contractors were complaining that the asbestos-free products were inferior.

43 They knew that the government was going to make it illegal to use asbestos, so they started dropping the asbestos content in their products. Welco was the first asbestos-free company to his knowledge.

44 Prior to 1971, Welco products were not packaged with warning labels. After, they placed labels that said "This product contains asbestos".

45 OSHA instructed them to put that statement on the containers of asbestos containing products. The label did not say anything about wearing respirators or protective equipment.

46 After they eliminated the asbestos, they changed the label to reflect that. The change did not effect the sales that much.

47 He feels that most of the contractors that he sold to were already aware of the hazards of asbestos.

48 The All Purpose Joint Compound was $1.75 a bag at the distributor cost. They used to make good money with the drywall business, but the don't anymore.

49-18 Sale of drywall materials to distributors is a very competitive business. Welco's main competitors in New Mexico from 1963 to 1972 were USG, Proko, Texas Textures, Twelve Star Sterling, **Synkoloid** until 1965, Georgia-Pacific, Hamilton Drywall.

50 Texas Texture Co. is located in Farmer's Branch, Texas. Sterling Paint is in Little Rock, Arkansas. Those companies did not manufacture drywall products without asbestos during 1963 to 1972.

51 All Purpose Ready-Mixed joint compound started selling for $3.85 an by 1972, sold for $4.35. Currently it costs $6.35. The 62 pound replaced the five-gallon pail. Welco Acousti-Spray from 1963 to 1972 sold for two and a half to three dollars.

52 Today, the Welco Acousti-Spray sells for $3.60, sold at truckload prices, 25 pound bag.

53 Commercial texture from 1963 to 1972 was $1.75 to $2.25 for a 25 pound bag, today it is $3.40 a bag. At the top of the Welco brochure, it says "All Wel-Cote Products Asbestos Free", price list that became effective on July 15, 1983.

54 When they first began manufacturing drywall products, the plant building contained 26,000 feet, all products produced in that plant.

55 During that early period, there were 30 employees working in the plant. In the years of 1978 to 1979, they had 40 employees, including 4 office personnel. No employee of Welco has ever filed a worker's comp claim pertaining to an asbestos related disease or lung disease. He has men checked every five years for lung problems.

56 That company policy started in 1975, used Primary Medical Center, chest x-rays. They did not do it specifically for asbestos, they did it for dust of any kind. Starting in 1963, employees wore dust masks any time it was dusty.

57 It was a mask approved by U.S. Bureau of Mines, had a strap, covered nose and mouth, had a filter. They were worn when the men were unloading boxcars of asbestos or boxcars of Calcium Carbonate or mica.

58 Masks also worn when men were batching on the machines. He never fired an employee for not wearing a mask. The policy about wearing masks has continued until today. They did not single out asbestos as a kind of dust to be protected from. They conducted tests for performance, not for health hazards.

59 Performance tests were done in a laboratory to see if they had the correct adhesion, shrinkage, every batch was tested. They never performed tests to see if the drywall products were hazardous to people.

60 They knew what materials they were getting and what to expect from the manufacturer. No one at Welco did any independent research on the potential health hazards of asbestos.

61 They had no knowledge of any health hazards of asbestos prior to 1970.

62 He did research on the preservatives, because as far as he knew, that was the only product that was hazardous.

63 Cosan, the manufacturer of the preservative, gave them all the safety data, but he did not do any independent research. They purchased the asbestos from Carey asbestos, Carey-Canadian up until 1970, then Union Carbide from 1970 until they discontinued it.

64 Chrysolite fiber was purchased, 7TF8. There were other types of fibers also, but they did not purchase them. The others were 12, 14, 6, 7TF's. Their designations had to do with the length of the fiber.

65 They had no way of ascertaining whether or not the asbestos they bought was pure chrysolite.

66 Welco has carried worker's compensation insurance from 1963 to the present. He has heard that asbestosis was named as a compensable occupational disease by the Texas Legislature in the worker's compensation statutes in the state of Texas in 1947, he heard that in 1970. The worker's compensation carrier advised him of that.

67 Welco of Texas exchanged information with Welco of Kansas City from time to time. Mr. Stover came down to Texas about 12 years ago, but they converse over the phone regularly. Texas and Kansas City are equal as far as volume. Welco Texas sells to New Mexico, Texas, Oklahoma, southern Arkansas.

68 Welco Texas also sells to Louisiana, Mississippi, Alabama, and the panhandle of Florida, Tennessee. Wel-Cote All Purpose Joint Compound was mixed to a heavy state.

69 When finishing a joint, you would bed the joint with this material, mash tape into the initial, fill coat over it. Next day, come in and put a second coat to finish the joint, when dry, final float coat. It was mixed with water.

70 You put two gallons of water in 5-gallon pail, gradually pour bag of material into it, put a mixer on it, reduce it further with water, takes about fifteen minutes. Creation of dust depends on the applicator.

71 Even the ones that were careful and poured the material in slowly would create some dust residue.

72 Drywall process: going to apply tape to the joint between two wallboards.

73 They put a coat of mud in there with a broad-knife, then they mash the tape in, then go over it with a light coat of mud, let that dry, come back in the morning and put a fill coat in, then come in and do the final float coat, to cover the joint entirely.

74 If it is to be a smooth wall, then they need to sand it, creates dust. The All-Purpose Ready-Mixed is used in basically the same fashion.

75 Same fashion, but they don't have to do the mixing. However, it still needs to be sanded sometimes. The Acousti-Spray is mixed in the same way as the All Purpose Joint Compound.

76 Commercial texture can be applied with a trowel, but generally it is put on with a brush or a roller.

77 Attapulgite type clay was used as the substitute for the asbestos, with modifications in the formula. The sales did not drop for textures. Attapulgite clay was also used to replace asbestos in the joint compound products.

78 There was also no drop in sales for the joint compound when the asbestos was replaced. He has brought certain documents to this deposition as best he could.

79 He has brought with him correspondence, letter and documents which indicate of discuss sales of asbestos containing products made by Welco to Home Lumber Co. of Clovis, New Mexico; Sherwin-Williams of Clovis, New Mexico; Aucutt paint store of Clovis, New Mexico. However, they never sold to Home Lumber and House of Color. He also has additions specific to the accounts mentioned in the request.

80 First information given contains all sales made in New Mexico from 1963 to 1983.

81 At the top of stack of invoices, there is an adding machine tape that indicates his effort to total up all sales to Sherwin-Williams Company.

82 The documents are the best records he has on the sales of drywall materials to Clovis, New Mexico. Exhibit 4 is collection of invoices assembled reflecting sales of products by Welco to Aucutt Paint store in Clovis, New Mexico.

83 Anything that was sold after March 5th, 1975, did not contain asbestos.

84 Welco would sell to distributors who would turn around and sell to other dealers. He has also supplied a products information bulletin, which has a picture of the products.

85 Counsel is given a sheet which lists the composition of texture and drywall products from January 1, 1976. He did not bring with him any documents which reflect what the products were composed of prior to January 1, 1976, when the products contained asbestos.

86 The old information is not in existence. Counsel is supplied with the brochure, and deponent tells him that he wrote a book about field problems that might arise with an applicator and the remedies for it.

87 The book, dated April 1, 1965, is still given to any contractor who wishes to read it.

88 Exhibit 6 is a Wel-Cote drywall finishing compounds brochure, edited up to January of 1985, depicts various Welco products, they do not contain asbestos.

89 They have made very little changes in the packaging even after they took the asbestos out. He has no documents about asbestos prior to 1979.

90 Carey Canadian put out a document about asbestos sometime in the 1970's, and he read about it in the newspapers and heard about it on the news.

91 Welco never received any documents from OSHA describing regulations placed on sale or manufacture of asbestos-containing products, or written documents that told him that asbestos was not hazardous, and was never cited by any federal or state agency for violation of regulations governing the working conditions related to asbestos.

EXAMINATION BY MR. SIMMONS FOR PROKO INDUSTRIES

92 He first started dealing with drywall products in 1951, personally. He first started developing a personal knowledge of drywall products in 1939.

93-7 First worked with them in 1939 for Grand Paint in Oklahoma City. He first went to work for **Synkoloid** in 1951, was in charge of sales in Eastern Region. He left **Synkoloid** in 1963.

94 From 1954 on, Proko was a fairly large factor in the Clovis market. USG was also.

95-3 **Synkoloid** was also in the market, as well as Texas Texture and Twelve Star Sterling.

96 He has been to the Gypsum Drywall Contractors International Convention, but he only went a few times and was not impressed.

EXAMINATION BY MR. PHARRIS FOR WELCO MANUFACTURING COMPANY OF TEXAS

97 Georgia-Pacific was also in Clovis, and Celotex might have been. Hamilton was a West Coast Company, they did not come into Clovis, only Albuquerque.

98 Hamilton sold joint compounds and texture.

99-3 Lath & Plaster, and Sherwin Williams were the New Mexico state distributors for **Synkoloid** products. The only way he checked the asbestos material coming was by visual means, no microscopic analysis.

100 The asbestos came in 50 pound bags, the labels indicated the manufacturers name, particular specifications, 7TF8. Later, when they got the product from Union Carbide, it came the same way. Chrysotile is a type of asbestos.

101 They got the same type of asbestos from Union Carbide as they did from Carey Canadian.

102-3 He had dealt with Carey Canadian while he worked for **Synkoloid**, so he used them with Welco. They made three different kinds of asbestos. The type they ordered worked best in the joint compounds they were manufacturing.

103-8 **Synkoloid** had used the chrysotile, so he used it at Welco. He did not know that there was a provision in the worker's compensation law about asbestosis.

EXAMINATION BY MR. FARMER FOR US GYPSUM

104 They also sold to Johnson wholesale in the Clovis area.

105 Those documents were not listed. He has no sales records of US Gypsum in the Clovis area.

106 He only has records of his own company in the Clovis area.

FURTHER EXAMINATION BY MR. ROSENTHAL FOR PLAINTIFFS

106 He does not know the two other types of asbestos.

107 It was brought to his attention that some of the other companies were using the 7RF9 length of asbestos, it was also chrysotile, just a different length.

108 He does not know which type of fiber poses a larger health risk.

109 First year that Johnson bought from Welco was 1968, and they still buy today, three times as much as Sherwin-Williams.

110 Counsel asks for the gross income of Welco for purposes of determining punitive damages, not granted.

FURTHER EXAMINATION BY MR. SIMMONS FOR PROKO

111 The jobber in Dallas where he purchased the asbestos from Carey Canadian was Thompson Hayward Company, they are still in business. He does not know any of the personnel anymore.

112 Had a personal friend there at one time, F.W. Rufi, but he has been gone from there for 10 years.

FURTHER EXAMINATION BY MR. ROSENTHAL FOR PLAINTIFFS

113 They keep correspondence files of brochures, and memorandum concerning product information.

114 They do not keep everything, that is why they do not have any documents depicting asbestos-containing products.

115 He only recalls receiving the document from Carey Canadian, and reading it and then discarding it.

116 He discarded it because he did not feel it was of significant importance to keep in company files.

END OF PROCEEDINGS