

no reply

Washington DC 1-24-39th

Hon. William A. Eccles
Chairman F.R.B. - Board
City
Dear Mr. Eccles

Your Radio address last evening interested, and it is hoped the marked enclosures will interest, for I expect in a week or two to put that data in short form (Memo-graphed) to circulate in both Houses, showing names that will be "asked" to act as the trust fund distributors when they are created.

The Government evidently has not looked for broad practicable initiatives that have large scale employment and economy bond possibilities.

A radio announcer informed He could not announce the Project as it was based on Inventions, a case filed in Patent office, that office informed Had 8 - inventions, a number of Patents Has been issued and Germany out of the United States in war, give it such a classification.

I also was in a position to know that during world war loans, or credit tax payers generally paid taxes called upon and added it to cost of war orders, and for some time after war, which the then measure use to reduce the debt.

I am not opposed to spending but one dose of borrowing makes our Con-ditions as well as others upon we cannot charge it into Gov. order Profit, as could and was done during war.

Met 9143
House Phone

James Kelly
A. G. Kelly
1337-K NW

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APPENDIX "A"

Purpose of Appendix "A": to inform direct investors in the Company's registry exempted security offering in concise form, including Underwriters and insurance company investors, etc., that none of the below named distributors of the trust funds they protect made possible by investors or capital loans, are investors in the share issuing company (see below "Appendix "B"). *Mar*

The below trust fund in fixed percent (%) amounts are based on wages paid labor for manufacturing (Pauly Tile, etc.) cast concrete units in plant storage, etc., including wages for placing units on cars or trucks for retail or wholesale trade and the administrative help that does not exceed \$100 per month.

FIRST: Sixty percent to protect the capital in and for such manufacture. ✓

SECOND: Sixty percent to equalize such manufacturing wages and sixty percent of the regular wage paid for six months each year. ✓

THIRD: Sixty percent to protect just mortgages on unsanitary dwellings, wrecked and similar purpose manufacturing companies plant scrapped; also pay rents for unfortunates for causes beyond their control. ✓

FOURTH: Twenty percent to aid crippled children, the real needy. ✓

FIFTH: Sixty percent to prevent owners loss from just acreage stumpage cost loss replaced with Pauly tile for exterior walls. ✓

Based on a fifty percent of wages paid in 1929 as written in the July 6 and December 22, 1932 Congressional Record for a Census Report for manufacturing material that have been proved can be more economically manufactured under the company's rehabilitation works program locally. The values in wages can be made to equal annually some \$65,000,000.

The use of portable outfits will or can, it is believed, be made to increase the wages paid annually to some \$300,000,000.

According to the large values of similar purpose materials consumed annually as aforesaid in terms of dollars values paid labor and further use possibilities by providing proved more economical products below in actual productive production and construction practice.

Securities and Exchange Commission release No. 1861, Dec. 14, 1938, removes the liability from investment confidence creating Federal or other authorities, that will permit the use of names in an financing prospectus (in that instance in Appendix "A" of the Prospectus) as authorities. A copy of the release #1861 will be attached to agreements made with such authorities. Copies of such agreements will also be filed with SEC so the authority named only need to appear in this part of Appendix "A" for general circulation as Appendix "A" part of the Prospectus.

The authorities listed in Appendix "A" are to name a person or persons to be employed by the Company at a reasonable salary in conducting the Company's business, one for each of the above trust funds and possibly two additional for trust fund numbered third.

The employment on salary basis to start after the operating capital is available, in the meantime the employment compensation will be limited to commissions the company can pay for financing aid so as to net 75% of investment capital for productive operation.

Such employees *do* not to have any voice in the company's management except such duties as directed to perform by the company, however, they are to protect the surpluses for distribution as directed by those selecting them and they shall have the right to report direct to those selecting them for employment, if investment funds, etc., are not used *for* furthering the company's interest to create the surplus trust funds etc.

The company reserves the right to reduce the above fixed percent amounts to meet competition and eliminate them altogether on that account. However, it is not believed it will be necessary to reduce or eliminate the Crippled Children's fund as that amount will not increase competition costs or reduce profits worthwhile.

As it is believed the below economies can be increased with power operating equipment, hence, economies previously proved not used for the above trust fund purposes can be used for most any other reasonable purpose to hold similar purpose competition sales on a more equal competitive basis.

The Appendix "A" cannot be used in any financing program by licensees manufacturing Pearly Tile, etc., without first being authorized by Pearly Tile Company and third person named therein jointly.

or Persons

The value in dollars possible as aforesaid are not for manufacturing cast building units alone. The values include other cast concrete (Pearly) units that can be manufactured locally economically.

The value in dollars are used for computing the above trust fund for such values can easily be checked. The production cost below is computed from weights, tonnage basis, hence simplify such costs estimating on account of the various sizes of hollow and solid units, that will be manufactured.

Material, cement and aggregate to produce suitable quality units	\$2.10 per ton
Plant overhead including Employer's Compensation payroll tax and 2% wastage	.50 "
Labor cost including such cost, placing on cars or trucks as above stated	1.15 "
	<u>33.75</u>

The above estimated costs at present time are based on previous proved operation (non-Federal) production costs.

The average labor cost of producing the solid and hollow concrete Pauly units 55¢ per ton as a minimum for solid units; and \$1.15 as a maximum for hollow units, or a general average of 85¢ per ton. The above total trust fund and the above production costs will average about \$5.96 per ton as a minimum and \$6.74 per ton as a maximum or \$6.35 per ton average.

An average economy of some \$11 per ton or 20¢ per sq. ft. of 8" dwelling walls suitable for low cost housing. An average economy of some \$5.50 per ton or 10¢ per sq. ft. of other walls, partitions, etc., faced with brick or high-grade stucco. An average economy of some \$5.00 a ton, this class of units are not generally used on sq. ft. basis.

The average economy of three kinds of units about \$7.00 per ton hence the average trust fund of \$2.21 as a minimum or \$2.99 as a maximum added to production cost can easily be deducted from that \$7.00 average economy and leave the public a real tax shock absorber as listed in First, Second, Third, Fourth and Fifth as above.

APPENDIX "B"

Patent status technical cause for non-further below profitable production appear in this (Appendix "B") and Prospectus.

Machine Sales 1909	\$37,210.48
Net Profit some 33%	13,228.23
Inventory of undelivered sales by use of the Net Profit. Net Profit \$68,400 - 700% on that capital	9,724.29
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Tile sales 1909	17,774.98
Net Profit 11%	2,011.95
Plans 6% on the borrowed mfg. capital on about 17%	
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Cost of acreage	28,482.32
Construction capital \$160,000 (19X)	
Construction cost	152,666.80
Depreciation Reserve	24,434.24
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5% paid on capital at \$4.00 monthly room rental, plus reserve indicates 7% net profit. Combined total net profit - 57%.	

The first ^{Profit} 2 above net profits were under the patentee's management (but not this sharing company). The profit extracts are from a public accountant's audit. The last named extract was from a housing company 7 years financial statement.

The foreign activities which were stopped by World War from England exceeded the above to first named U. S. possibilities Panama Canal manufactured over 1,000,000 Pauly tile, at some \$200,000 economy.

PAULY TILE COMPANY

A. A. Pauly

By: A. A. Pauly, Pres.