

Informers

Informing, planning and taking action



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LEADING THE FUTURE OF THE CUTTING TOOL INDUSTRY

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JOIN US FOR THE 2017 FALL USCTI INSTITUTE MEETING IN COEUR D'ALENE, IDAHO!



A dynamic mix of speakers, topics, and activities awaits at the 2017 Fall Institute Meeting. At this beautiful lakeside location, you will advance your business each morning, enjoy activities each afternoon, and social networking each evening. A highlight is sure to be the keynote address from Pulitzer Prize-winning editorial cartoonist Michael Ramirez.

[Click here](#) to learn more.
[Click here](#) to register.

Registration ends September 6, 2017.

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USCTI President's Message



Steve Stokey

Dear USCTI Members,

What a difference a year makes! Last year we were pondering the outcome of the election and hoping the economy would pick up steam. There is still quite a bit of uncertainty out there, but at least our forecasting partners at IHS are predicting growth for our industry for the next few years. That is welcome news for our members! I hope you are experiencing growth in your markets.

We had a tremendous turnout in historic Charleston, S.C., for your Spring Institute Meeting. Our programs committee did a great job giving us content to help us grow our businesses. Jim "The Rookie" Morris gave us the true story of his life beyond the Disney movie. His message of how important it is not to give up on your dreams, and the positive impact his grandfather had on him by living a life of integrity, certainly changed me. Jonathan Mosse educated us on the health-care industry and provided plenty of tips to help us bend the cost curve for our companies. Dave Nelsen simplified the very complex world of social media and gave us practical advice we could use to serve our customers better. I know I left with pages of notes and a ton of ideas.

I also want to thank our members for their passion for our industry. Our institute meeting focused on two very important topics. First, how our members could rally together to inform the Trump administration of the negative impact that Section 232 Protectionist Measures would have on the cutting tool industry. USCTI staff submitted our objections to Brad Botwin at the Department of Commerce. They also worked with AMT to have their members join us in the fight to have our industry excluded from the investigation. Second, we agreed to develop best practices for workforce development for our industry. A committee is forming to tackle this incredibly important topic, and we need your help! Email uscti@uscti.com with your suggestions for members to participate on the committee.

I am grateful to have had the opportunity to represent USCTI at the ECTA conference in Barcelona, Spain, in May. I was honored that they allowed me to update them on the progress USCTI is making on our industry's statistics and encouraged them to begin to use our template in Europe. I was also able to share some limited industry data on our market and have some fun answering questions about what happened in the 2016 election. I am happy to inform you that the mood in Europe is upbeat. They are planning for growth and are looking forward to the EMO show September 18-23 in Hanover, Germany.

Finally, I hope you are making plans to join us October 7-9 in picturesque Coeur d'Alene, Idaho, at the Coeur d'Alene Resort. I promise another value-packed weekend you will not want to miss. I look forward to seeing you there.

Sincerely,

Steve Stokey

Allied Machine & Engineering Corp.

Statistics Committee Update

As you know, we recently launched our new IHS Markt forecast report and quarterly WebEx together with AMT. I'm pleased to report that the feedback is very positive. I have heard that it has already generated some new participants in the AMT statistics program, although I am surprised that the same has not happened within USCTI. We have decided that, once per year, we will share an old report with those who have chosen not to participate, to give them a chance to see what they are missing. For those participating, I hope you are getting good use out of the new insights the report and WebEx offer.

We also have decided not to make any changes to our joint reports during 2017, allowing us to more easily identify trends. If the need for a major change arises, we will take it under advisement and revisit our position.

On behalf of the Statistics Committee, I want to wish everyone a nice summer and a successful remainder of 2017.

Johan Israelsson, Statistics Committee Chairman
Sandvik Hyperion



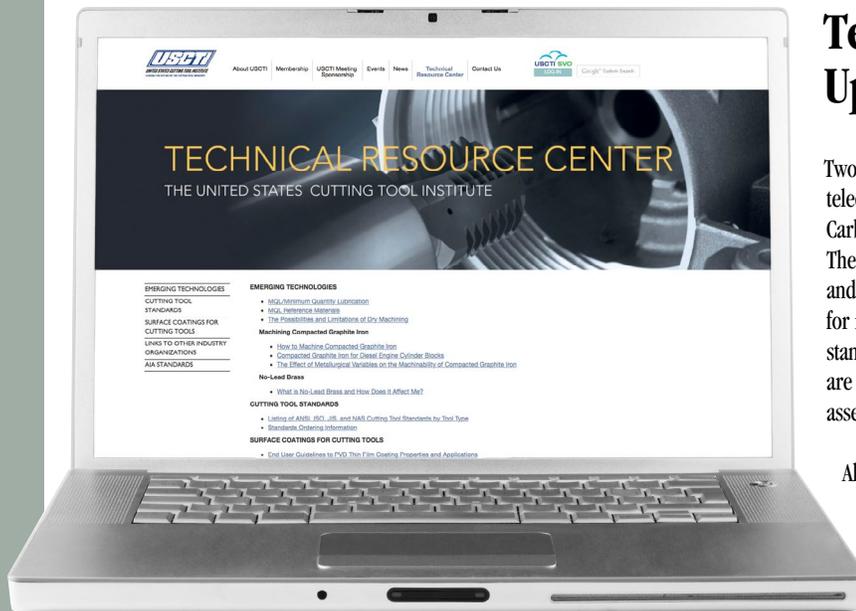
Welcome new
USCTI Member

[Fullerton Tool Company, Inc.](#)

Technical Committee Update

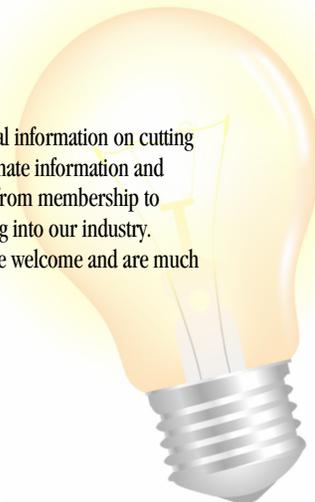
Two project teams have been meeting by teleconference for the last few months on a Carbide End Mill Standard and Shank Standard. The Shank Standard draft has been completed and will soon be sent to the full working group for review and comment. The Carbide End Mill standard draft has not yet been completed. We are working with the team leads to set up a call to assess progress.

Al Choiniere, Technical Committee Chairman
Superion Inc.



We Need Your Ideas

The USCTI Technical Resource Center is an excellent source for a vast array of technical information on cutting tools, surface coatings, and materials. The Technical Committee also uses it to disseminate information and updates on a continual basis. However, we would love to have further input and ideas from membership to help make the Resource Center a more useful, hands-on tool for new engineers coming into our industry. Please send your ideas and input to uscti@uscti.com. Additional white papers would be welcome and are much appreciated.



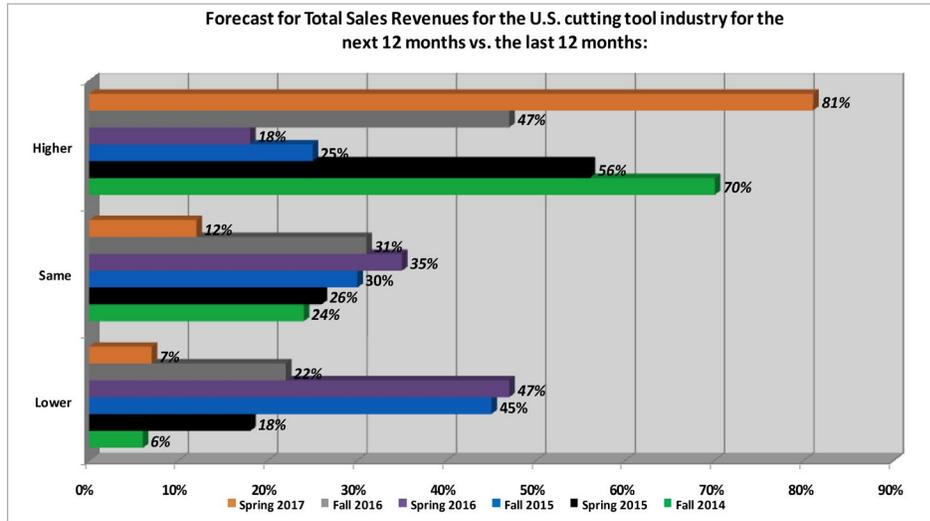
SPRING 2017 BUSINESS OUTLOOK SURVEY RESULTS

We saw an uptick in participation in the Spring 2017 Business Outlook Survey compared to the fall 2016 survey. We also discovered that membership is feeling more positive than six months ago. For example, 81% of respondents think the forecast for the next 12 months will be higher than the last 12 months. This is a stunning turnaround: only 18% believed that in spring 2016 and 47% in fall 2016. In addition, 72% of respondents stated that sales revenue for the next 12 months will be higher than the last 12 months, up from only 33% reporting the same in spring 2016 and 69% in fall 2016. One respondent noted, "Optimism is still a leading indicator. We had none of that in 2016, and now distributors and reps are at least talking like there is improvement going forward."

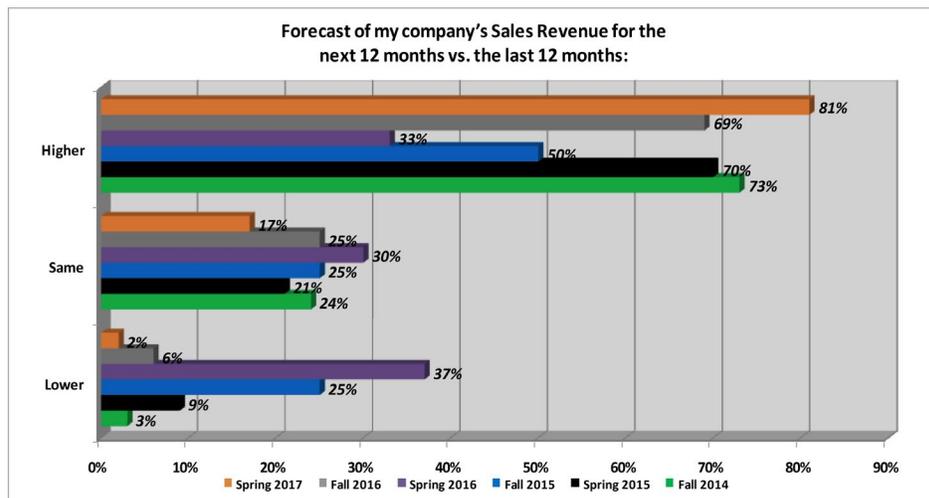
To access documents referenced in this issue, log on to the [USCTI Secure Virtual Office](#) (SVO) using your unique username (email) and password. Passwords are case-sensitive. If you have forgotten your password, click on the "Forgot Password?" link to receive an email with your login information. You may also contact the USCTI office for assistance.

The PowerPoint presentation of the survey results is available to all members through the [USCTI Secure Virtual Office](#).

Industry Forecast



Company Forecast



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SPRING 2017 MEETING RECAP

Our 2017 Spring Institute Meeting was held at the Wild Dunes Resort on Isle of Palms in South Carolina. As is customary, we came together on Saturday evening for an opening reception. This was a great opportunity to meet up with old friends and build new relationships.

Sunday morning, we got to hear the story of “The Rookie,” Jim Morris. Although many of us had seen the movie version of his life, Jim shared an even deeper story of his amazing journey to Major League Baseball. After sponsor presentations by Ceratizit and Vollmer, we had the opportunity to learn more about how to control our health care costs from Jonathon Mosse, who is the managing director of Risk Strategies Company. The highlight of the afternoon was a beach party sponsored by Tool Alliance. We capped the evening with a nice meal and some great music. Thank you to Paul Schmitt of P.L. Schmitt Carbide Tooling, who stepped in and took over the band for a short version of an old rock and roll song.

Monday morning started with Dave Nelsen’s presentation on how we should be using social media. The rest of the morning was dedicated to our Institute meeting. The afternoon was open to various activities. Members played golf, took advantage of the Charleston Intracoastal Waterway Eco Tour, visited downtown Charleston, or simply enjoyed the Wild Dunes Resort. After the closing reception, another successful meeting was wrapped up with some adult beverages at the hotel bar.

Mike Stokey, Programs Committee Chairman
Allied Machine & Engineering Corp.

To view recent meeting programs, please visit the USCTI website or [click here](#). To view speaker presentations, please log into the [USCTI Secure Virtual Office](#).

Future Meeting Dates

Be sure to mark your calendar for the upcoming meetings, which are scheduled as follows:

2017 Fall Meeting

October 7-9, 2017
The Coeur d’Alene Resort
Coeur d’Alene, Idaho

2018 Spring Meeting

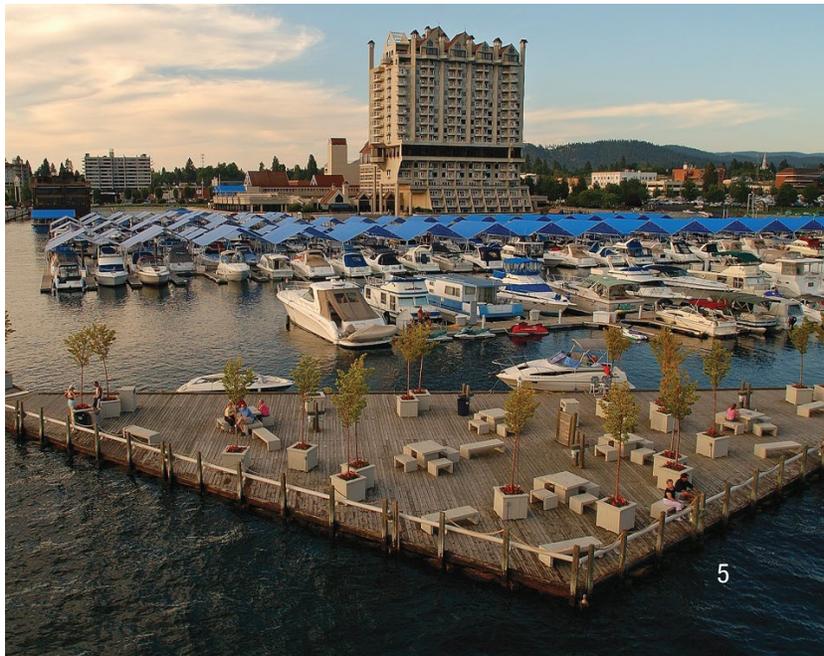
May 19-21, 2018
Inn & Spa at Loretto
Santa Fe, New Mexico

FALL 2017 MEETING PREVIEW

Our Fall Institute Meeting will be held October 7-9, 2017 at The Coeur d’Alene Resort in Coeur d’Alene, Idaho, offering something for everyone. We have lined up some strong speakers including a keynote from Michael P. Ramirez, America’s premier editorial cartoonist. We also will cover in-demand topics like 3D automation, an economic forecast provided by our new partner, IHS Markit, and an update on the machine tool industry.

We will have plenty of opportunities to network and catch up with friends. To take advantage of the natural beauty of Idaho, we are planning a wide range of outdoor activities like horseback riding, fishing, and clay shooting.

We hope to see you in Idaho! To learn more please [click here](#).



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WE'RE BEING SEARCHED!

Steps to follow if government agents arrive at your company

By: Joseph P. Boeckman

Before each membership meeting, I provide an antitrust statement of USCTI's policy of complying with all laws applicable to trade associations, including federal and state antitrust laws, and remind members not to discuss (i) their pricing or the pricing of a competitor, (ii) their company's plans or activities with respect to a particular geographic market or products or particular customers, or (iii) any other competitive, sensitive information. This reminder is necessary because various governmental agencies, primarily the United States Department of Justice (DOJ), continue to actively investigate and prosecute violations of U.S. antitrust laws.

A company that violates the U.S. antitrust laws can face severe penalties – significant fines for the company and prison sentences and fines for its employees. Investigations involving alleged violations of U.S. antitrust laws, including price fixing, bid rigging, customer and geographic allocation, buyer cartels, and other collusive behavior, have affected companies in a variety of industries, including manufacturers of generic drugs, LCD (liquid crystal display) panels, chemicals, automobile parts, and shipping containers.

Despite my reminders, your company may find itself subject to an unscheduled, unpleasant visit from government law enforcement or investigative personnel such as the FBI. In almost every instance, the company does not know that it is under investigation until the FBI arrives with a search and seizure warrant issued by a federal judge, generally as part of a federal grand jury investigation. By that time, it will be too late to prepare to react or to prevent a violation.

If FBI or other government agents do arrive at your company's headquarters or manufacturing facilities, we recommend taking the following actions in response to the search warrant:

- Ask for identification of the agent-in-charge or prosecutor of the search. Get business cards from all government personnel.
- Immediately contact your company's inside or outside legal counsel. Request that the agents talk only to your counsel. Be aware that this request may be declined.
- Request the agents not begin their search until your counsel is present.
- Carefully read the search warrant to learn what areas may be searched and what property may be seized.
- Remember – you are not required to assist the agents. However, do not interfere with their search and do not hide or destroy any documents or records.
- Do not volunteer information about your company or employees.
- Do not consent to a search of any location or documents not identified in the search warrant.
- If possible, send employees home.
- Advise employees that it is their choice whether or not to be interviewed by the agents.
- Employees can require that any interview occur at another time, with a lawyer present.
- Do not talk to the media unprepared. Following the search, designate one person as the point of contact for all media communications and have a script prepared so that the contact person can provide a consistent message to any inquiries.
- Tell employees to keep the search confidential. If your company has an employee communication policy, remind employees to abide by the policy.
- Before the agents leave, ask for a detailed inventory of items seized.
- Inventory and photograph all areas searched as soon as the search is over.
- Identify all persons who had contact with the agents.

As with most things, the best plan is to prepare for an investigation before the FBI agents are knocking on your door. Once an investigation starts, companies may be required to provide

numerous documents or information in a very short period of time. Company leadership will also likely face many questions, not only from the government, but also from others inside and outside the organization. Companies should consider the following in preparing for an investigation.

A company that violates U.S. antitrust laws can face severe penalties.

- Prepare a written plan that outlines protocols to follow. This will assist all employees in knowing what to do and who to call when investigators appear unannounced at the company's headquarters or other facilities.
- Train employees on how to implement the plan and protocols. Government investigations are not an everyday occurrence, so refresher training for current employees and training new employees on a regular basis are important.
- Educate employees and management about their rights and responsibilities in a government inspection or interview. Consider working with legal counsel to train employees in advance about these.
- Understand that the government's powers to inspect and seize information can be very broad – and warrants or subpoenas are often equally broad. However, legal counsel may be able to negotiate and narrow the scope of the government's requests or extend the deadline for providing the information.
- Make sure the plan identifies outside experts and advisors who should be contacted for assistance; e.g., media, public relations, information technology specialists, auditors, and law firms. Identifying your experts in advance is key. You will not have time to identify, contact, or interview prospective outside advisors the day of an inspection or raid.

If your company receives a subpoena from the DOJ or other government agency seeking documents in connection with an antitrust investigation, the company should consider the following actions before responding:

- Receipt of a grand jury subpoena is a critical incident and needs to be acted upon immediately. The company should identify an employee, department, or member of management to whom all subpoenas should be directed.
- All employees should be immediately instructed not to destroy, alter, or throw away any documents (both paper and electronic). Standard document retention/destruction policies should be immediately suspended upon the service of a subpoena.
- Do not attempt to respond to a subpoena without the assistance of an attorney. The subpoena may call for documents to which the government is not entitled. In addition, your attorney may be able to negotiate and narrow the terms of the subpoena or agree to a rolling production of documents based on priority.
- Determine and interview key personnel. This will affect the scope of the file search and determine, at least initially, the universe of information available to counsel.
- Identify a records custodian. This person will oversee the search for and collection of documents, and may be required to testify regarding the document production. The records custodian should maintain a log that records what was searched, the records that were produced, the source of such records, and other sources of potentially responsive documents that have come to light during the review.

A company cannot be too careful in its approach to government investigations. Even if a company has done nothing wrong, it is extremely important that responses to government inquiries be handled properly and involve appropriate legal counsel to protect the rights of the company and its employees. Failure to respond properly can have serious legal consequences.

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