

For Immediate Release
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U.S. DEPARTMENT OF LABOR
Wage and Hour Division
New York Regional Office
641 Washington Street
New York, N.Y.

DEFENDANTS FINED TWO THOUSAND DOLLARS IN WAGE-HOUR TRIAL

This morning, Federal Judge Matthew T. Abruzzo of the U.S. District Court, Brooklyn, imposed a fine of \$1,500 on defendant Irving O. Rosen, doing business as Rose Manufacturing Company, 168 Walworth Street, Brooklyn, and a \$500 fine on his wife, Mrs. Ada Rosen. Both Rosen and his wife, engaged in the business of the manufacture of shade pulls, last February pleaded guilty to three counts of an indictment charging them with numerous violations of the Federal Wage and Hour Law. After the guilty pleas, Judge Abruzzo deferred sentence pending payment of restitution by them to their employees in amounts to which the employees were entitled under the Act. Defendants had paid approximately the sum of \$1,100 which, together with the sum of \$1,944 paid by Columbia Mills, a customer of defendants, left a balance due by way of restitution of approximately \$2,100.

Judge Abruzzo fined Rosen \$1,500 on the first count and suspended imposition of sentence on the other two counts, putting him on probation for six months. The Judge directed that restitution be paid at the rate of \$300 a month. The first instalment of restitution is to be paid within 30 days from today and after the restitution has been paid the fine will then be paid in the same manner. The Judge imposed a fine of \$500 on the first count against Mrs. Rosen and suspended imposition of sentence on the other two counts, placing her on probation for six months, the terms of the probation being identical with those imposed against Rosen. Judge Abruzzo stated to both defendants that if there is any violation of the probation,

the fine imposed against each would immediately become due and payable and that he would fine both of them to the fullest extent permitted by law on each of the two counts. This would mean each of the defendants would be fined a total of \$20,000 each if probation is violated.

The investigation of the defendants was made at the direction of George B. Kelly, Regional Director, Wage-Hour Division for New York Region. Mr. Kelly expressed himself as being particularly gratified with the results of the case inasmuch as under Judge Abruzzo's disposition the employees would receive restitution of back pay and at the same time the levy of the \$2,000 fine on defendants was a warning to other violators that they could not expect to satisfy the court merely by paying restitution; and the fine indicated that the court would insist on imposition of a substantial fine.

The presentation of this case was made by Brunson Mac Chesney and John K. Carroll, representing the Department of Justice. Today when sentence was passed upon the defendants, the Government was represented by Walter C. Bryan, Regional Attorney for the Wage-Hour Division, New York Region, and Irving Rozen, associate with him.

This case was watched with a great deal of interest by the entire country because it is the first to be brought to jury trial since the Fair Labor Standards Act went into effect on October 24, 1938, and it was only after the trial had proceeded for several days and the Government had presented its case that defendants suddenly pleaded guilty on February 16, 1940.

The counts to which the defendants pleaded guilty charged failure to pay the legal minimum wage to homeworkers, failure to pay the legal minimum wage to factory workers and falsification in violation of the Act.

During the trial, defendants' counsel had sought to have the indictment dismissed on the ground that the Fair Labor Standards Act was unconstitutional in that the Congress did not have the power in the interstate commerce clause to exercise control over the production of goods. Judge Abruzzo, however, denied the motion and during the presentation of the Government's case homeworkers who made the shade pulls testified they were paid only 13 cents to 16 cents a gross for shade pulls crocheted at home out of materials supplied by defendants, and that it took them $2\frac{1}{2}$ or 3 hours to make a gross of shade pulls.