

U. S. DEPARTMENT OF LABOR
WAGE AND HOUR DIVISION
INTEROFFICE COMMUNICATION

641 Washington Street
New York, New York

TO: Mr. John K. Carroll

February 24, 1940

IN REPLY REFER TO:

FROM: Raymond Lewis
Inspector

SUBJECT: Back wages due employees of Rose Manufacturing Company

The firm has destroyed most of its records relating to earnings of homeworkers and have falsified the hours worked for many of their factory employees. Restitution has therefore been figured in the following fashion:

1. By an analysis of the sales during the homework period;
2. By an analysis of the amount of shade pulls produced during the same identical period;
3. Labor costs on Columbia Mills account used as a basis;
4. Estimates of earnings by homeworkers and homework books.

Method #1

From 10/24/38 through 7/31/39 -- value of shade pulls sold during that period - - - - - \$19,235.95

It has been determined that the labor cost represents 25%. On this basis the labor cost would be - - - - - \$4808.99

Add to this the fact that Rose Mfg. Co. on 8/18/39, had approximately 9000 gross of shade pulls in stock--This has been estimated from a statement made by Mr. Rosen that there was no stock of shade pulls when the Wage and Hour law went into effect on 10/24/38 and that he had approximately \$12,000 in stock on 8/18/39. The inspector is therefore figuring the same percentage of shade pulls to the total stock as the firm had when it took its inventory on 3/31/39 at an average of 15% a gross for the labor cost of the 1000 gross on hand. It has been determined that there was an additional \$1350 for labor - - - - - 1350.00
bringing the figure to - - - - - \$6158.99

To: Mr. John K. Carroll

Cont'd \$6158.99

Added to this is the labor cost to the tassel homeworkers during this period which has not been figured in the shade pull figure. This amounts to - - - - - 372.90 and also added to the figure is the underpayments due the factory workers from 8/14/39 to 1/22/40 which amounts to - - - 636.00 bringing the total to - - - - - \$7167.89

This figure represents the total underpayments by the Rose Mfg. Co. for the period 10/24/38 to 1/22/40. From this figure we deduct - - - - - 1943.37 which is the amount of restitution that the Columbia Mills, Inc. has agreed to pay to the homeworkers of the Rose Manufacturing Company.

Back Wages still due to employees of the Rose Manufacturing Company - - - - - \$5224.52

Method #2

By taking the total number of shade pulls produced in the period 10/24/38 to 8/14/39 we have the following set of figures:

29,371 gross of shade pulls produced during this period at an average payment of 15¢ per gross brings the figure to - - - - - \$4405.65
 Using the 9000 gross figure for stock we have an additional labor cost of - - - - - 1350.00
 Add to this the sum of - - - - - 372.90 due the tassel homeworkers during this period and the sum of - - - - - 636.00 due the factory workers from 8/14/39 to 1/22/40 we have the following amount - - - - - \$6764.55

Less amount of restitution paid - - - - - 1943.37

Amount of back wages still due employees of the Rose Manufacturing Company - - - - - \$4821.18

To: Mr. John K. Carroll

Method #3

From an analysis of the labor cost involved in the goods purchased by the Columbia Mills, Inc. from 11/1/38 to 7/31/39, it has been determined that the labor cost on \$7958.82 of shade pulls is \$1943.37. Using these figures as a basis (memoranda to justify these figures are available) we have the following:

For the \$19,235.95 representing the total sales on shade pulls by this firm, the labor cost on the same basis as the Columbia figure would amount to - - - - -	\$4873.97
Add to this the sum of - - - - - due the tassel workers during this period and the sum of - - - - - due the factory workers, we have the following figure - - - - -	372.90 636.00 <u>\$5882.87</u>
Add to this the sum of - - - - - previously figured as the amount of the labor cost for the stock as of August 18, we have the sum of - - - - -	<u>1350.00</u> \$7232.87
Less restitution paid - - - - -	<u>1943.37</u>
Total amount of restitution due employees of the Rose Manufacturing Company - - - - -	<u><u>\$5289.50</u></u>

Restitution due Factory Workers of the Rose Manufacturing Co.

Week ending August 18 to October 24 -- 10 weeks. There have been approximately 22 girls employed in the factory. From general statements obtained from them at least one half made only 20¢ an hour. On this basis there would be \$22 due each week for 10 weeks or a total of \$220 - - - - - \$220

From October 24, 1939 to January 22, 1940 we have approximately 22 girls in the factory of whom three quarters made only 25¢ an hour. On this basis there would be \$32 due each week for a period of 13 weeks which brings it to - - - - - 416
 as the amount due the factory employees from 10/24/39 to 1/22/40
 and the total due the factory employees from 8/14/39 to 1/22/40
 is - - - - - \$636

Amount of Shade Pulls Sold from 10/24/38 to 8/14/39

October 24 to 31, 1938 (approx.)	1000 Gross
November 1938	2076
December 1938	2753
January 1939	2625
February "	2167
March "	5860
April "	3148
May "	2855
June "	2757
July "	3130
Aug. 1 to Aug. 14, 1939 (approx.)	<u>1000</u>
Total - - - -	29,371

Method #4

From interviews with the homeworkers and from studying a sampling of their hand books it has been determined that the payroll was approximately \$5000. It must be remembered that not all of the homeworkers were interviewed and that many of the books had pages missing.