

SOL files P.D.
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APR 27 1973

This is in reply to your letter of January 17, 1973, in which you again request a limited exception to section 3.6(a) of Regulations, 29 CFR Part 3, so that your firm may continue payroll deductions for current outstanding loans to eight named employees.

In view of the additional explanation submitted with your recent letter indicating the possible injustice and hardship that would be incurred by the eight individuals involved, we would give serious consideration to the possibility of granting a limited tolerance under section 5.13 of 29 CFR Part 5 from the requirements of section 3.6 of 29 CFR Part 3, for seven of the named individuals, if you could furnish us with a notarized statement of freely-given consent for continuing these deductions for the loans in question signed by each individual employee involved, or by his collective bargaining representative, if any. However, the granting of such a tolerance would not be contemplated with respect to the long term mortgage loan to Mr. Vallasueva. Accordingly, we would suggest that arrangements should be made for a replacement loan as soon as possible and that you supply us with full details as to that time frame necessary to accomplish such a conversion before we determine whether any exception, even of a limited duration, would be possible in this particular instance.

In any event, it should be noted that the Copeland Act does not prohibit your firm from making arms-length loans to your employees, but simply prohibits you from collecting payments for such loans, either directly or indirectly or by rebate or kickback, from the wages due your employees for work on Federal or Federally-assisted projects.

Sincerely,

Dorothy P. Come
for Warren D. Landis
Assistant Administrator
WH-214

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