

U.S. DEPARTMENT OF LABOR  
WAGE AND HOUR DIVISION  
Washington

FEDERAL GRAND JURY URGES INCREASED WAGE-HOUR LAW ENFORCEMENT

Upon receiving a report of the September term of the Federal Grand Jury for the Maryland District, urging increased action on criminal violations of the Wage and Hour Law in that State, General Counsel George A. McNulty of the Wage and Hour Division, U. S. Department of Labor, today made public the recommendation which he hails as reflecting the attitude of Federal grand juries throughout the country. Indictments have resulted in every case in which the Department of Justice has presented evidence of criminal violation of the Wage and Hour Law following preparation of the case by the Wage and Hour Division.

"The attitude of Federal grand juries toward the objectives of the Fair Labor Standards Act and its strict enforcement was strikingly presented by the Maryland September Federal Grand Jury before it retired," Mr. McNulty said. "This body, through its foreman, Mr. H. Rowland Clapp, recommended to Federal Judge William C. Coleman that there be more action taken under the criminal provisions of the Wage and Hour Law in Maryland. In adopting this unusual procedure of expressing a formal opinion on a new Federal act, this grand jury, composed of prominent Maryland business and professional men, urged a speeding up of criminal prosecutions where violations are found."

The statement of Mr. Clapp, made on behalf of the Grand Jury and transmitted to Mr. McNulty today from the court, follows in part:

"Your Honor, this Grand Jury makes this verbal report regarding a condition we found existing within the jurisdiction of this Court that came to our attention late during our term of service and which we feel, with your Honor's approval, might well be called to the attention of our successors in the Court's charge to the Jury for the December term. We refer to violations of the

Minimum Wage and Hour Law as evidenced by the recent case of Youch & Youch, which is a glaring example of the extremes to which such violations can be and in some instances are being carried.

"We have been informed by Mr. McCormick, Chief of the Baltimore Division of the Wage and Hour Administration, that, due to the comparatively short time this law has been in force, but principally due to the inadequacy of funds appropriated in the past and the consequent handicaps under which he has been operating, he has been following a policy of endeavoring to gain the co-operation of violators rather than proceed with their prosecution, and in a number of cases his efforts in this direction have met with success. To the extent of Mr. McCormick's success in this direction, we feel he should be commended. However, as there has been brought before the Court but the one single case we have mentioned during the period of a little more than thirteen months the law has been in force, it is the opinion of this Jury more action on the part of the Baltimore Division of the Wage and Hour Administration can and should be obtained."

"There is no better gauge of public sentiment with regard to a criminal Federal statute than the expression of a Federal grand jury which has heard cases arising under the act in question," Mr. McMulty said. "It is seldom, however, that such a body feels strongly enough about the objectives of a law and the need for prosecution under it to formalize their opinion in such a report as that made by the September Maryland Grand Jury to Judge Coleman."

Leo H. McCormick, official representative of the Wage and Hour Division in Maryland, discussing the Grand Jury report, explained that, although the Youch and Youch case was the first in which criminal action had been taken in the Baltimore area, five Federal Court injunctions have been obtained in Maryland, and restitution in excess of \$23,000 has been paid or is in the process of being paid. These payments go to workers not paid in accordance with the

provisions of the Act, which require that all those engaged in work necessary to the production of goods for commerce be paid not less than 30 cents an hour and that overtime at the rate of time and one-half be paid for all hours worked in excess of 42 in any workweek. Mr. McCormick also pointed out that attempts of employers in Maryland to intimidate employees during investigations had been blocked. A total of six employees complained that they had lost their jobs after testifying in the course of investigations. All six were reinstated promptly upon reporting this fact to Mr. McCormick.

Judge Calvin W. Chesnut, after an investigation conducted from the bench into the methods used by Youch and Youch in falsifying their records to deprive employees of wages due them under the law, declared: "These records are the chief defense of the employees from being cheated of their wages. Destroying the records is dishonest, corrupt, and it indicates conscious guilt."

Judge Chesnut levied a \$3,000 fine on Charles and Joseph Youch, who pleaded guilty to paying approximately 175 employees less than 25 cents an hour for piecework construction of men's coats. The Youchs also pleaded guilty to an indictment which included 29 accusations that pay sheets were falsified and records of the company were destroyed. Judge Chesnut placed the defendants on probation for two years with a suspended fine of \$5,000. He ordered restitution of back pay to all employees.

Mr. McCormick explained that during the first eight months that the law was in effect, he was assisted by but one inspector and a borrowed stenographer. With increased appropriations, however, the Division has since assigned additional personnel so that now there are 16 persons working out of the Baltimore office.

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