

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

\$10,000 FINE, \$35,000 RESTITUTION IN FIRST CRIMINAL
CASE IN WAGE-HOUR LUMBER DRIVE

Three owners of two interlocking lumber companies in Minnesota were fined a total of \$10,000 and ordered by a Federal judge to pay back wages and unpaid overtime of approximately \$35,000 to 700 employees today when the three men entered pleas of guilty in the United States District Court for the District of Minnesota at Minneapolis, to two criminal informations charging violations of the Fair Labor Standards Act. The fine is the largest yet levied for a violation of the Wage-Hour law.

The case was the first criminal action taken by the Wage and Hour Division, and the Children's Bureau of the U. S. Department of Labor, against a lumber company since the nation-wide campaign for compliance in the lumber industry opened June 10. The defendants were allowed 60 days to pay the fines and 6 months to make restitution.

Arraigned before Federal Judge Gunnar H. Nordbye at Minneapolis, Edward B. Sullivan, 403 North Third Street, Brainerd, Minn.; Saul J. Zeman, 412 North Third Street, Brainerd, and S. William Locke, 800 Bluff Avenue, Brainerd, admitted guilt to:

Thirty-four counts charging failure to pay the minimum wage of 25 cents an hour from October 24, 1938, to October 24, 1939, and 30 cents an hour after October 24, 1939;

Forty counts charging failure to pay one and one-half times the regular hourly rate of pay to all employees who had worked more than 44 hours per week during the first year of the Wage-Hour Law, and 42 hours a week since October 24, 1939;

Twenty-seven counts charging falsification of records and time cards;

Two counts charging failure to keep accurate and adequate records;

Eighteen counts charging employment of children under 16 years in the production of goods for interstate commerce, and

Thirty counts charging shipping in interstate commerce goods they knew had been produced in violation of the Fair Labor Standards Act.

The informations were filed by Victor E. Anderson, U. S. Attorney; Alex Elson, Regional Attorney of the Chicago Regional office; Frank Delaney, of Chicago, and Donald M. Murtha, of Minneapolis, acting as Special Attorneys for the U. S. Department of Justice. The informations were prepared under the supervision of the Department of Justice at the request of Colonel Philip B. Fleming, Administrator of the Wage and Hour Division, and L. A. Hill, acting regional director at Minneapolis.

One information contained 74 counts and charged violations of the Act in Wadena County, Minnesota. The other information contained 77 counts and charged violations in Cass and Crow Wing Counties, Minnesota.

In addition to being the first fine levied by a Federal Court against a lumber company since the nation-wide campaign for compliance in the lumber industry started, the action today was the first criminal suit in Region XII, which includes Minnesota, North Dakota, South Dakota and Montana. Both informations set new highs in the number of counts based on Wage-Hour law violations.

The fines were levied on two counts in each information. Five thousand dollars was levied on Wage and Hour violations and five thousand dollars on the child labor count. Sentence on the other counts was deferred pending the completion of the payments.

The informations point out that Sullivan and Zeman are owners of the Park Region Timber Company, and Sullivan and Locke are owners of the Northern Pine Manufacturing Company. Both companies use one office at 1602 Mill Street, Brainerd, Minn., the informations say.

The informations allege the two companies are jointly engaged in the business of manufacturing, producing, selling and shipping pulpwood, logs and lumber. The companies produce and obtain timber land or stumpage rights, jointly or separately, and the tracts are worked by employees known as "shackers," according to the informations.

Division officials pointed out that timber land was purchased by the Northern Pine Company if it contained more logs than pulpwood, and tracts were purchased by Park Region if the timber was mainly pulpwood. If pulpwood and logs were equally present, the tract was purchased by the two companies jointly, according to the Division.

After the fine had been levied and the judgment against the three defendants had been entered by the Court, L. A. Hill, acting regional director for Region XII, said the inspection work carried on by Assistant Attorney James M. Miller and Inspector John H. Essler under the supervision of Senior Inspector George N. Williams, revealed shocking conditions among employees of the two companies.

"Officials of the Children's Bureau of the Department of Labor were called into the case when investigations revealed youngsters 8 years old were being permitted to work in the woods,"

Hill said. "These children generally were found working in areas that were being cut over by families, that is, where whole families were working in the woods. The families lived in shacks built by the workers from material furnished by the companies. That is why they are known as 'shackers.'

"Living conditions in the tracts owned by the two companies were deplorable. Inspectors from the Minneapolis office found as many as 16 persons living in a house built of rough lumber and slabs, and covered with tar paper, bits of tin, cardboard, pulpboard .. anything, in fact, that would keep out the wind and cold. The shacks were 8 feet wide and ranged from 12 to 16 feet long, according to the number of persons who were to occupy them.

"No sanitary facilities were provided. A number of single men lived in one shack, and did their own cooking. Men with families lived in separate shacks.

"Where a married man was working in the woods, there his entire family would be, and usually, every member of the family old enough to do something useful would be permitted to work. We saw boys and girls as young as 8 years peeling pulpwood, piling brush or slash, or even cutting brush. Boys 12 years old were swinging axes or pulling saws, piling pulpwood and logs, loading timber, felling trees and doing other dangerous and hazardous work. They were working with their fathers.

"Women worked at peeling the bark from pulpwood and girls from 12 to 20 years old were doing men's work. Social Security cards were obtained by the companies for boys on the day they became 16 years old, and the boys were then put on the payroll.

"A single check was made out to the father of the family for all the work accomplished by the mother and children under 16 years old. The average pay check, we found, was \$6.18 a week in the winter months, and \$9.66 a week in the summer months. We found one family of father, mother and 14 children living in a shack on less than \$20 a week.

"All the work was performed on a piecework basis, usually \$1.75 per 1000 board feet for cutting in heavy timber, \$1 per cord for rough or unpeeled pulpwood, and \$2.25 a cord for peeled pulpwood. Some of the employees reported they averaged 45 hours per week and earned up to \$8, while others said they averaged 72 hours a week and earned up to \$13.

"We found truckers were also paid on the piecework basis. They received \$1.50 per 1000 board feet, \$1 per cord for pulpwood. These were the prices for the average haul, with differences being made for short and long haul. The trucker had to provide his own vehicle, gasoline and oil, and pay his helper from \$2 to \$2.50 a day, if he needed a helper.

"We found one woman who was working as a trucker. She paid a helper from her meagre earnings, just the same as the men truckers had to do. This woman said she averaged about \$4 a day with her truck, but out of that \$4 came \$2 a day for the helper and the cost of gasoline, oil and repair bills.

"Lumberjacks worked for both companies, our inspectors found. They received pay from both companies. The companies owned numerous tracts of timber land and stumpage rights within a radius of 100 miles of Brainerd, mainly in the vicinity of Motley, Staples,

Sebaka, Monahga, Backus, Pine River, Jenkins, Pequot, Bagley and Park Rapids,
Minn.

"Some pulpwood was shipped directly to points outside the state but most of
it was sold to mills in Minnesota which used it in the manufacture of paper,
wallboard, insulating material, pulpboard and other paper products, which were
thereafter shipped in interstate commerce. It was sold on contract, generally.
The companies also produced ties, mining timbers, box wood and slabs."

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