

U. S. DEPARTMENT OF LABOR
WAGE AND HOUR DIVISION
Wilmington, N.C.

INACTIVE

6,469 ATLANTIC COAST LINE RAILROAD EMPLOYEES SHARE IN \$260,000
RESTITUTION PAYMENT

WILMINGTON, N.C., October 21--Atlantic Coast Line Railroad paymasters began a 5,000-mile trek through six states from Richmond, Virginia, today to distribute checks totaling \$260,000 making up the Federal minimum wage to 6,469 of the railroad's maintenance-of-way employees.

It is expected that most of the employees will have received their checks by October 24, when the third year of the Fair Labor Standards Act begins, and the maximum workweek without overtime is reduced from 42 to 40 hours.

The payments are the result of an inspection by the Wage and Hour Division, U. S. Department of Labor, which revealed that the Railroad was showing payment of the minimum wage on its books by charging employees rent for box cars and other housing whether they occupied them or not, and with deductions for other goods and services deemed improper by the Division. The inspection revealed that many of the domiciles carried on the books did not in fact exist at the locations given.

The situation led to a suit in May, 1939, by the Administrator of the Wage and Hour Division to compel the Railroad, which operates 4,750 miles of track in six southern states, to come into compliance with the Act and to make restitution to the employees in amounts representing the difference between wages actually received and the sums to which they were entitled.

This suit by the Division was followed by an employees' suit in June, 1939, embodying the same charges brought in the Administrator's action. Tried before Judge Isaac M. Meekins in the United States District Court at Fayetteville, N.C., (sitting in Raleigh) the employees' suit resulted in a judgment against the Railroad for each of the five employees in the amount of wages due plus an equal

amount in liquidated damages and an additional \$500 in fees for their Attorney, D. Lacy McBryde. Section 16(b) of the Act specifically gives the employee the right to bring such suits.

In his findings and conclusions of law in the employees' suit, Judge Meekins sustained every charge made by the Division in its suit which was then pending before Judge Robert N. Pollard in the United States District Court at Richmond, Virginia.

Judge Meekins found that in addition to the housing, the Railroad Company charged some of the employees for water and sanitary facilities where none existed; for police protection against "hoodlums" that was not provided; for transportation between the section headquarters and the work point on the tracks; and for the ice in the water provided the men while at work.

After Judge Meekins' decision was announced, officials of the Railroad informed Colonel Philip B. Fleming, Administrator of the Wage and Hour Division, that they realized they had not complied with the Act and were willing to come into immediate compliance and to make full restitution to all the employees. Upon this promise to make restitution and comply with all provisions of the Act in the future, Colonel Fleming agreed to accept a consent decree of judgment and avoid the time and expense of a trial. A stipulation included in the judgment provides a minimum standard of housing for which the railroad may in the future make deductions from the wages of employees.

In announcing that the Railroad paymasters had departed today to deliver the checks to the individual workers, Colonel Fleming praised the cooperation extended by the Railroad since the consent judgment was signed by Judge Pollard on May 31, 1940.

An inspection of company records disclosed that the Railroad actually paid the employees 21 cents an hour, which amount included the legitimate deductions for board, lodging, and other facilities provided for in the Act. The checks being distributed represent the difference between this sum and the 25 cents per hour

to which the employees were entitled from October 24, 1938, to October 23, 1939, inclusive, and the 30 cents per hour to which they were entitled from October 24, 1939, to May 31, 1940. The Railroad has paid the required minimum since that date. The amounts due were computed by the Railroad Company and checked for accuracy by Wage and Hour Division inspectors.

The 30 cent minimum wage is still in effect. However, a committee comprised equally of representatives of railroad management, labor and the public, which has investigated economic conditions in the railroad industry, has recommended that a minimum wage of 36 cents an hour be established for trunk line railroads. At an administrative hearing held in Washington in September, this recommendation was supported by the management members of the committee. The Administrator of the Wage and Hour Division is now considering this recommendation. Should he approve it, a wage order establishing 36 cents as a minimum for trunk line railroads will be issued.

The Railroad assigned four auditors and seven business machine operators to compute the amounts due the employees.

"Railroad auditors traveled 30,000 miles in order to arrive at a correct audit of the amounts due these employees," Colonel Fleming said. "I wish at this time to express my appreciation of the spirit of cooperation evidenced in the company's desire to set things right and come into compliance with the Act."

The paymasters who started out today to deliver the checks to the employees will visit the 28 divisions of the Railroad in Virginia, North Carolina, South Carolina, Georgia, Florida and Alabama. Roadmasters in each division have been instructed to give every assistance possible to the paymasters in seeing that those checks are delivered to the right persons.

Roy C. Frank, of the Washington legal staff of the Division, handled the negotiations with counsel of the Railroad Company, which resulted in the settlement of the Division's suit. Inspector James Harrigan was in charge of the Wage and Hour group which checked the Railroad Company's auditors' figures as to the amounts due each of the employees.

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