

For Immediate Release, Friday,  
February 21, 1941

R-1290

U. S. DEPARTMENT OF LABOR  
WAGE AND HOUR DIVISION

CIGARS OF PENNSYLVANIA MANUFACTURER HELD UP UNDER  
"HOT GOODS" CLAUSE OF WAGE AND HOUR LAW

RED LION, Pa., Feb. 21 -- A temporary restraining order under the "hot goods" section of the Fair Labor Standards Act was served today upon Levi D. Frye and his son, Ivan Frye, doing business as L. D. Frye & Son, cigar manufacturers.

The restraining order, signed yesterday by Judge Albert Johnson, sitting in the U. S. District Court at Lewisburg, Pa., prohibits the shipment in interstate commerce of hand-made cigars manufactured by the firm in violation of the Federal Wage and Hour Law.

The temporary restraining order was issued by the court after attorneys for the Wage and Hour Division, U. S. Department of Labor, had requested an injunction under the so-called "hot goods" clause of the Fair Labor Standards Act. The Wage and Hour Division contended the Red Lion company had violated the minimum wage and overtime provisions of the Act and had falsified its records, contrary to the regulations of the Division on record keeping.

The injunction prevents the shipment in interstate commerce of the products on hand at the time the restraining order was issued. The company was ordered to appear in court and show cause why the temporary restraining order should not be made into a permanent injunction or why a preliminary injunction should not be granted to the Division pending a hearing on the charges.

The injunction is the first "hot goods" order obtained by the Division in the cigar industry, and the first such order in Pennsylvania.

The company is alleged by the Division to have failed to pay employees at least 30 cents an hour and to have failed to pay time and a half for overtime. No records of hours worked or wages paid were kept by the company prior to an inspection by the Division in June, 1940, the court was informed. Since that date such records as have been kept by the company are alleged to be false, according to Division officials.

The Regional office for the Division in Pennsylvania and Delaware, estimated the amount due approximately 100 past and present employees as back wages and unpaid overtime will reach \$12,000. (twelve thousand dollars).

In April, 1940, the company, according to Regional Attorney Gallagher, computed back wages due employees. This computation, he said, was made from production cards and the figures set by the company at that time were \$10,532.23. (Ten thousand five hundred thirty-two dollars and twenty-three cents.)

This computation, he said, was made by the company in anticipation of an inspection by Wage and Hour Division inspectors.

With the exception of a little more than \$100 (one hundred dollars), Regional Attorney Gallagher said, no restitution was paid to the employees, but company officials made employees sign receipts for full payment so that when an inspector arrived it would appear that the company had complied with the Fair Labor Standards Act.

Employees are paid on a piece-rate basis, according to Regional Attorney Gallagher, and the amount they receive is alleged to be less than the minimum wage of 30 cents (thirty cents) an hour.

#####