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For Release  
December 5  
and Thereafter

U. S. DEPARTMENT OF LABOR  
Wage and Hour and Public Contracts Divisions  
165 West 46th Street  
New York 19, N. Y.

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Following recent U. S. Supreme Court decisions to the effect that services provided to commercial or industrial customers for business purposes are not services of the type that qualify an establishment for the retail and service exemption from the minimum wage and overtime provisions of the Fair Labor Standards Act, the Wage and Hour and Public Contracts Divisions, U. S. Department of Labor will institute enforcement proceedings against affected laundry and linen supply firms beginning January 15, 1947.

The announcement was made by L. Metcalfe Walling, Administrator of the Divisions, in revoking the Divisions' Release A-2, of November 25, 1943, which indicated that no enforcement proceedings would be instituted against laundry and linen supply companies, the greater part of whose servicing was in intrastate commerce, until the question of the applicability of the retail and service exemption for such firms was resolved by the courts.

"Supreme Court decisions in the Roland Electrical Co. v. Walling, and Martino v. Michigan Window Cleaning Co. cases clearly indicate that services to commercial or industrial customers for business purposes are not the type that qualify an establishment for the exemption," Mr. Walling said. "Therefore, we conclude that where an otherwise covered establishment, such as a laundry, performs services for private individuals for personal or family use and also performs similar activities for commercial or industrial customers, the work for the commercial or industrial customers, is not, in general, exempt.

The Divisions will, however, continue to adhere to the position that the performance of some nonexempt servicing in an otherwise exempt establishment will not defeat the exemption if the amount of such nonexempt servicing is not substantial in relation to the total servicing performed by the establishment, Mr. Walling announced. Nonexempt servicing is considered substantial, for enforcement purposes, where it produces more than 25% of the gross receipts of the establishment.