

U. S. DEPARTMENT OF LABOR
Wage and Hour and Public Contracts Divisions
Washington 25, D. C.

NORFOLK FIRM INELIGIBLE TO RECEIVE GOVERNMENT CONTRACTS

The Hudgins-Dize Company, Inc., 121 West Main Street, Norfolk, Va., is ineligible to receive Government contracts under the Walsh-Healey Public Contracts Act for three years beginning September 2 as a result of a decision by Secretary of Labor L. B. Schwellenbach, announced today.

Also ineligible to perform on such Government contracts are M. Hudgins, president of the company, Lowery D. Finley and Frank M. Miles. Finley and Miles advanced monies to the corporation and secured the loan by certain powers and rights in connection with the firm's operations. The Secretary pointed out that although Finley and Miles were not officers or stockholders in the company, the agreements entered into with the corporation and Hudgins gave them "such comprehensive authority over the conduct of the corporate business" as to amount to effective control. It was pointed out also that they had used this authority to substitute themselves for the corporate officers previously in control of the performance of the Government work.

The firm, and Hudgins, together with Finley and Miles, were found responsible for the keeping of false, fictitious and fraudulent records and for violating the overtime requirements of the Public Contracts Act.

It was found also that the company, in operations before any monies had been advanced by Finley and Miles, "caused and permitted" its employees to work under conditions which were unsanitary, hazardous and dangerous to their health and safety.

Secretary Schwellenbach ordered the corporation and Hudgins to pay \$3,664, of which sum Finley and Miles are jointly held liable to the extent of \$1,414 for non-payment of overtime.

The Hudgins-Dize Company performed on four contracts totaling \$225,750 for the manufacture of pyramidal tents for the army between November 1940 and August 1943. It was shortly before the awarding of the last two of the contracts totaling \$147,750, that Finley and Miles advanced monies to the corporation.

The Public Contracts Act contains minimum wage and overtime pay provisions and sets up certain labor standards which must be met in the performance of Government supply contracts of over \$10,000.