

Angels Want Burroughs

Story, Page 1-D



12 Best Gifts For Christmas

Story, Page 1-B



4 Years Later, She Wins Suit

Story, Page 1-C

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TWENTY CENTS
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Ex-Exec Cites Lavish Oil Firm Perks



QUIT AMOCO POST
Ken D. Anderson

By Jim Stewart
Constitution Staff Writer

A former executive of the American Oil Co. (Amoco) has charged that for several years, the company maintained a lavish system of undisclosed personal benefits for its executives that far exceeded standard perquisites allowed by most major companies.

The perquisites, or "perks" as they are often called, included tax-free, non-business-related vacations for executives and their families; entertainment; clothing; liquor; jewelry; custom-ordered meats; cash; and home appliances, the former executive said.

Ken D. Anderson, who resigned his \$44,500 position as manager of field training after 23½ years with Amoco in June 1977, said the perks were financed through a tax-deductible training account he personally controlled at Amoco's Southeastern regional headquarters in Atlanta.

Anderson, 49, said he approved the expenditure of nearly \$1 million in perks from the account over a 5½-year period. He said the same practice was common at the corporation's other five regional offices and extended to Amoco's parent company, Standard Oil Co. of Indiana, headquartered in Chicago.

In a prepared statement, Bob Crosby, Amoco's Southeastern director for public and government affairs, responded: "It is against our company policy to discuss the personal affairs of our employees or former employees. Questions should be addressed to those employees. In this instance, while we are certain none of these accusations are true, we consider them very serious charges and will investigate them thoroughly."

Crosby also said that Amoco had asked for Anderson's resignation and described him as "a disgruntled former employee."

Numerous Amoco invoices, accounting records and receipts Anderson provided The Atlanta Constitution reflect the purchase of luxury goods and services such as the former executive described. The records were kept by Anderson at his home after he left the company.

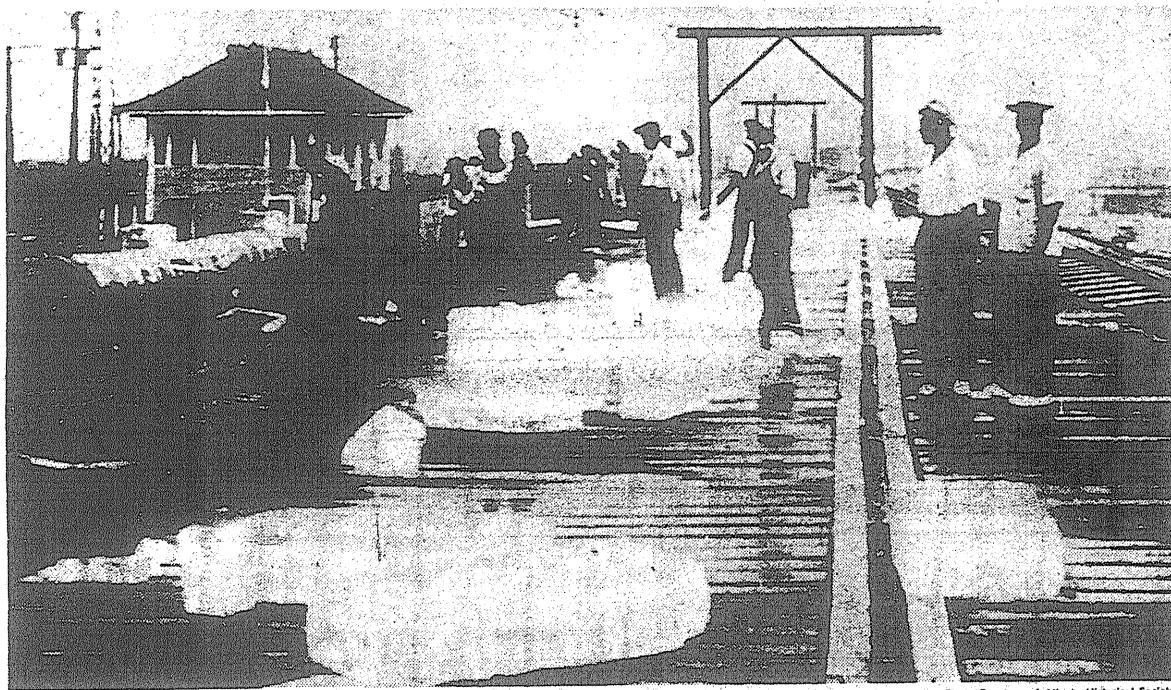
The pattern of executive favors Anderson revealed is not disclosed in the oil company's proxy reports, which do list more common perks such as health and life insurance benefits, stock sharing, and incentive programs available to higher-ups in many companies.

The Securities and Exchange Commission (SEC) requires that publicly held corporations fully report and line-item in annual proxy reports significant perks given to their ranking executives.

Anderson said the additional perks he provided at Amoco's Atlanta regional office were viewed by the benefited executives as just another — albeit covert —

See AMOCO, Page 8-A

The Underpaid And Under-Protected Part V: Ice Toters, Ministore Clerks



Workers Load Ice Into Refrigerated Railroad Cars At Inman Yards In Atlanta In 1938

Over 40 Years, A Corporation's Pattern Of Underpaying Workers

By Paul Lieberman
and Chester Goolrick
Constitution Staff Writers

The history of the Atlantic Co. Inc. is a history of underpaid workers.

The history records a pattern of workers making less than the nation's minimum wage over a period of four decades — from the first day the law went into effect.

The Atlanta-based conglomerate, whose holdings lie throughout the Southeast and beyond, changed both its primary business and its corporate name over these decades. It first grew into one of the nation's largest manufacturers of ice, then, when that market soured, it innovatively entered the emerging field of convenience stores and became a national leader in that endeavor.

In 1939, the workers, most of them black men,

were on duty as many as 90 hours a week and were paid as little as 15 cents an hour in Atlantic Co. ice plants and railroad ice-dispensing platforms across the Southeast.

By early 1979, the company had developed a new image. Now called Munford Inc., its primary business came from more than 1,300 Majik Markets across the region. The workers in question were thousands of clerks in those convenience stores — a mixture of American citizens and foreign nationals — who were owed a total of \$735,000 because of wage underpayments over a two-year period.

The history which follows was pieced together in part through corporate reports and interviews with company officials and employees. For the most part, however, the history is drawn from an extensive compilation of court records.

Fought over a four-decade period, a quartet of

This six-part report on "The Underpaid and Under-Protected" was researched by Paul Lieberman, Chester Goolrick, Lee May, Charlene Smith-Williams and Steve Johnson. The articles were written by Lieberman and Goolrick.

federal court cases help trace worker underpayments, first at ice plants in seven cities, then in convenience stores in eight states.

Only in recent years has ice been taken for granted as a household convenience. For most of America's history, ice was a highly valued necessity. Ice was, therefore, a big business.

Ice peddlers who guided their horse carts through the streets delivering blocks of ice to households, restaurants and stores were only a small segment of the trade. Ice also was essential to the feeding of industrial America.

Ice by the ton was needed to ship perishable commodities by railroad to population centers from rural farms, dairies and orchards. Iceing platforms

See UNDERPAID, Page 10-A

U.N. Issues 'Urgent' Plea For Hostages

From Press Dispatches

The United Nations Security Council Tuesday unanimously adopted a resolution "urgently" demanding Iran to release immediately the 50 American hostages in Tehran.

The council's voice-vote resolution reflected an unparalleled degree of support in the U.N. for an American position — one that encompassed not only the Soviet Union and China, but the Third World as well as traditional Western allies.

United States delegate Donald F. McHenry, speaking after the vote in the council's chamber, said, "the family of nations speaks with one voice in calling for the immediate release of the hostages."

But earlier, in Tehran, the state's official media quoted Iranian Foreign Minister Sadeq Ghotbzadeh as saying the hostages at the U.S. Embassy "definitely" will be tried, and "the judge will be the Moslem students" holding them captive.

"America must now make the next move; Iran cannot do more than it has already done to break the deadlock," Ghotbzadeh said, according to the Pars News Agency.

One of the militants occupying the embassy also said that all of the 50 Americans held hostage will be tried for spying. The charge carries a maximum penalty of death.

In Washington, a White House official said Tuesday that the Iranian militants, who have said they will kill American hostages if the United States attempts a military rescue, also have threatened to execute the captives "if they fail to cooperate."

The official, who asked not to be named, refused to say when the threat was made and would not elaborate on the type of "cooperation" the Iranians want from their 50 American hostages.

He said the hostages "have been threatened with execution if they fail to cooperate with their captors," adding:

"You can assume that I don't mean cooperation just . . . in routine matters."

President Carter has repeatedly warned Iranian leaders of "extremely grave" consequences if any hostage is harmed.

See IRAN, Page 16-A

Iran Says Shah Stole \$1 Billion

By Jeff Gerth
The New York Times

TEHRAN, Iran — Iranian officials charge that documents uncovered in an investigation into the finances of the deposed Shah of Iran show that over \$1 billion in identifiable funds was diverted or misappropriated by the shah and his family from Iranian banks and other institutions.

Officials at the central bank here presented documents for examination by The New York Times that they said supported their charges that the shah had used a pattern of preferential bank loans and inflated construction projects to siphon money from the public to his personal use.

According to the papers, the amount of documented unrepaid bank loans to the shah's interests, derived for the most part from Iranian banks holding public deposits, suggest several types of improper banking practices.

Part of the diversions involved the Pahlavi Foundation, ostensibly a charitable organization, which was controlled by the shah. These included commercial ventures with artificially inflated values as well as money for the shah and his family that the Iranian revolutionary government says belongs to the Iranian people.

It was unclear from the papers made available over what period of time the reported diversion of funds took place. The shah, during his reign, was accused by opponents of treating Iranian government funds as the personal holdings of the royal family.

In addition, investigators say they have now documented over \$50 million in transfers of shah-related money out of Iran into secret bank accounts in the year before he was deposed.

The investigation has been undertaken
See SHAH, Page 15-A

Council, Businessmen Say Tax Boost Needed

By Ken Willis
Constitution Staff Writer

Atlanta City Council and business leaders agreed Tuesday that taxes and fees need to be increased to hire more policemen and give all police higher pay, but they said they have doubts that the large increases recommended by Mayor Maynard Jackson are necessary.

The mayor proposed a 1980 budget on Monday that includes a 23 percent pay raise for police and firemen and adds a total of 522 policemen to the 1,050 already on the force.

He said it would take a 2.75-million property tax increase, a 25 percent boost in business license fees and hikes in other fees to meet the budget demands.

"We don't need that many policemen," said City Council Finance Committee Chairman Q.V. Williamson. He added, however, that he is in favor of hiring some additional policemen and increasing some fees to pay for them.

The Georgia Supreme Court refuses to rehear the suit stemming from Council President Carl Ware's resignation, effectively forcing the city to hold an election to replace Ware. Page 1-C.

"I think we need to fill the vacant positions we have now and then see where we stand," said Councilman Richard Guthman. Of the 522 additional police being proposed, 122 already are authorized but are not funded in the budget.

Williamson's and Guthman's comments were echoed by seven other council members interviewed at City Hall, who seemed to support hiring more policemen and paying them more but who want to take a close look at the numbers.

"I think benefits and pay raises for the policemen we have now are a priority," said Williamson.

See BUDGET, Page 14-A

Inside

GOOD MORNING. Wednesday in Georgia will be fair and mild with highs in the 60s. Details, Page 2-A.

Carter Testimony Sought On Vesco

Page 6-A

FDA Claims Some X-Rays Top Limits

Page 3-A

- Abby 4-B
- Business 5-C
- Classifieds 7-D
- Comics 7-B
- Crossword 7-B
- Deaths 6-D
- Doonesbury 5-A
- Editorials 4-A
- Graham 4-B
- Grizzard 1-C
- Gulliver 4-A
- Health 4-B
- Horoscope 7-B
- Movies 8-B
- Newsletters 5-B
- Sibley 1-B
- Sports 1-D
- TV 10-B

Senate Puts Teeth In Profits Tax

By The New York Times

WASHINGTON — The legislative logjam holding up President Carter's "windfall" profits tax broke Monday, and the Senate promptly began strengthening the measure along lines suggested by the White House.

After a week of stalemate, senators favoring a lower tax on the oil industry abandoned their threat of a filibuster in return for assurances that a series of their amendments would receive full consideration on the floor, among them a multibillion income tax cut effective in 1981.

After 15 minutes of debate, the Senate voted 58-35 to increase the "windfall" tax on one category of oil by \$22.5 billion. The amendment would increase from 60 to 75 percent the rate on production from wells discovered from 1973 through 1978, on so-called "new oil."

Later the Senate approved, 68-26, an amendment sponsored by Daniel P. Moynihan, D-N.Y., that would delay an automatic phase-out of the tax by several years and thus increase total

government revenue.

Moynihan estimated his amendment would increase total revenue collectable under the Senate bill from \$145 billion to \$214 billion by postponing the termination of the tax for six years. The \$214

billion figure is for the period 1980-86; all other revenue estimates are for 1980-90.

Advocates of a higher "windfall" tax, mostly but not all Democrats, now anticipate re-election announcement. Page 14-A

Carter Opens Race, Vows 'To Talk Sense' To Nation

By Andrew J. Glass
Constitution Washington Bureau

WASHINGTON — President Carter, having staged a rapid political comeback in the wake of the Iranian crisis, said Tuesday he will seek another four years in office on the theme of "looking squarely at the truth" and continuing "to talk sense to the American people."

The historic East Room of the White House was the setting for Carter's long-

anticipated re-election announcement. The mood for this obligatory media event by the president's image-makers was wartime Rooseveltian, or even Churchillian, in its severity and simplicity.

See CARTER, Page 13-A

Munford: 'Minimum Wage A Tragic Thing'

"This minimum wage is a tragic thing," says Dillard Munford, 61, head of Munford Inc., the company which runs Majik Markets, the nation's second-largest chain of convenience stores. A graduate of Georgia Tech, Munford started in business 36 years ago with little money and gradually made his mark in a variety of enterprises. Munford's outspoken advocacy of conservative political causes has been known to draw criticism from associates who fear his comments are bad for business. But in an interview, Munford talked openly of his displeasure with the nation's minimum wage regulations, which he blames for some of his company's financial difficulties in recent years.



Dillard Munford took a small convenience store chain and turned it into a national leader in its field. (Staff Photo—Calvin, Cruce)

"The minimum wage on a small business person is a terrible thing. Labor is a big factor. It definitely affects our personnel and the consumer. We had husband-and-wife teams working in our stores, and when wage-hour came on, we had to cut that out and go to overtime. These people took enormous cuts in pay (because the company no longer permitted overtime work). I run into people now who say, 'Boy, would I like to get back to making what I did before the wage-hour law went into effect.'

"The minimum wage and the wage-hour law change where we had to pay overtime in the store made us close in over two years' time at least 100 stores. We've been in this business a long time. A small store could support an employee and they could work long enough to make some money, but we didn't have to pay them overtime. Then, when we lost that exemption and the minimum wage went up, it made our costs go through the ceiling compared to the small sales. It probably wasn't so bad — we maybe should have closed those stores anyway — but it put people out of work, and it put some non-productive real estate on the market.

"The main concern is that

we have so many applications from teen-agers — young people, not necessarily teen-agers — who are just not worth the minimum wage. It's just better business to hire a moonlighter who is settled and is not prone to all the frailties of the young people. I think we are a classic example of why we have all this teen-age unemployment."

(Does he think that as an employer, he should be allowed to hire workers, teen-agers for instance, at, say, a dollar an hour, compared to the current minimum wage of \$2.90 an hour?)

"Well, I think it's better than nothing. You can't get any qualified person to work for that, but teen-agers off the street — particularly black ones who don't do anything — it's sure better to have them in some livelihood than just roaming the streets and ending up burglarizing one of our stores or something.

"I don't see the need for the minimum wage if you've got a market of people. We're in some markets where the unemployment is way down and we pay a lot more than the minimum wage, and there are places where there are a

lot of people we pay the minimum wage. You put a lot of young people to work and you make opportunities for them and put them through the training process. We can't even afford to put people through a training market at the wages of today."

The wage and hour case "was a matter where the wage-hour office said a person couldn't come in a store and take off his coat and go to the bathroom without being on the payroll. It was not a question of taking advantage of anybody, nobody had ever argued about it, we weren't trapped or caught or anything. It was just that they said people who are in a store ought to be paid for it. And if they made a deposit in a bank on the way home, then they ought to be paid for that."

"I just figure if a person wants to come to work and check in and gossip about things in general, if they want to do it, they should be able to do it. If they don't want to do it, there's no general obligation on them. We hire a lot of ladies, and they enjoy chatting and gossiping with each other and cleaning up, and maybe some of them would change clothes, and they said we should pay them for this."

"They (the wage-hour investigators) have hit all the convenience stores. All of the stores have been caught on the same damn thing I was. This minimum wage is a tragic thing, and I hope Congress will have the courage to face up to this. Mr. Carter hasn't. It was a gift to the unions, but it has just raised hell with a lot of people and put a lot of teen-agers on the street. In our case, we cut out about 300 people."

"People think when you talk about a minimum wage violation that you're talking about trying to beat some poor widow woman out of 10 cents an hour. That was not involved with us at all. It was just a matter of people being on the premises and not being paid for it."

"We would like to pay all we can, but we want to be competitive too. The fast-food

business and our business too are not noted for making unusual profits at the retail level.

"A minimum wage violation in some people's minds make the guy into one big s.o.b."

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Underpaid

Continued from Page 1-A

— long structures along the tracks built up as high as a freight car — became a lifeline for meat, milk, fruit and other perishables along the nation's extensive network of railroad tracks.

From atop the platforms, workers wrestled heavy blocks of ice onto the rail cars and down into cooling compartments. The train sped on and, before the ice melted, pulled up to another platform.

It was fitting that Atlanta became the home of one of the nation's larger ice companies. The city was founded as a terminal point for a new railroad, the Western and Atlantic, and its naming as Atlanta in 1847 was the idea of a railroad engineer. The city grew as an intersection point of rail lines which spanned the Southeast.

Through Atlanta, rocketing in freight trains from the north, passed butter from Minnesota, meats from Chicago, apples from Washington and cheese from Wisconsin. From the south came vegetables and fruit from Florida, and, of course, peaches from south Georgia.

By the 1930s, few of these products were shipped into or out of the Southeast without the services of the Atlantic Co. Inc. Incorporated in Georgia in 1910, by the century's fourth decade the company had 65 branches in North Carolina, South Carolina, Tennessee and Virginia.

In Atlanta alone, Atlantic maintained a dozen ice plants, a large cold-storage warehouse by the tracks, two icing platforms and a brewery.

June, July and August, the height of the peach season in the Peach State, were the busiest months. Tons of ice were shipped throughout the state to chill cars carrying the harvest north. Temporary colonies of ice workers grew up along the tracks and the men worked nearly around the clock.

The use of ice was prodigious. During a two-year period from 1938 to 1940, 41,000 tons of Atlantic Co. ice was used in the city of Atlanta alone to refrigerate more than 23,000 freight cars.

one of the first major businesses tested under the law. And, it would turn out, the company did not pass the test.

The Fair Labor Standards Act was signed into law on June 25, 1938. Covering workers engaged in interstate commerce, the law set a minimum wage of 25 cents an hour to begin Oct. 24 of that year, increasing to 30 cents an hour in 1939. Employers were also required to pay overtime for a work week beyond 44 hours, reduced to 40 hours two years later.

The law was designed by Congress and the Roosevelt administration to help pull the United States out of a decade-long depression. The goal was twofold: to force businesses to pay workers a better wage, and to induce businesses to shorten work weeks. Instead of working a few men long hours, companies might decide to hire other men from the ranks of millions of unemployed.

The new law, especially in the South, was greeted with defiance, according to Beverly Worrell, one of the first attorneys hired to enforce the minimum wage. "We did get into litigation fairly early," Worrell recalled recently.

One suit, titled *Philip B. Fleming* (administrator of the Wage of Hour Division of the U.S. Department of Labor) v. *the Atlantic Co.*, was filed on May 24, 1940, in U.S. District Court in Atlanta. The suit focused only on the company's operations in Atlanta and asked merely that the federal court order the ice company to obey the Fair Labor Standards Act.

The suit charged that "minimum wage, overtime, and record-keeping provisions... (had) been violated" in each of Atlantic's departments from the day the law went into effect. Among the specific allegations:

- "In the ice department, many production employees were paid as little as 17 cents an hour, and car icing employees frequently worked 90 hours or more weekly for 20 cents an hour."

- "In the cold-storage department, payment to laborers of wages (was) as low as 15 cents an hour. The overtime sections were also violated with respect to the same employees, whose usual workweek was 66 hours on the day shift and 72 hours on the night shift."

- "Numerous employees in the brewery were paid 20 cents an hour."

- Atlantic plotted a "scheme" to evade the law by

forcing some employees to sign cards showing their wages and hours inaccurately. The cards, prepared by Atlantic's offices, were "sent out to the various department heads and managers with letters of instruction which directed the dismissal 'quietly' of any employee who refused to sign."

After a juryless trial, U.S. District Judge Robert L. Russell ruled in 1941 that Atlantic had failed to pay the new minimum wage.

But the allegation that ice laborers might be working for 90 hours a week, or for 15 cents an hour, was not the real issue in the case. The central question, asked insistently by Atlantic, was whether the government had a right to regulate wages at all. Atlantic argued that the Fair Labor Standards Act was unconstitutional.

Had the Atlantic suit moved faster, it might have been the case to test the minimum wage law before the U.S. Supreme Court. As it was, another Georgia case — this one involving minimum wage violations in the state's lumber industry — made it to the nation's top court first, earlier in 1941.

Ruling on the lumber case, the Supreme Court declared the minimum wage law constitutional.

Forty years later, one might wonder why men would labor in ice plants for 90 hours. But the reason was simple. In the depths of a depression, hundreds of men were available for any job opening, and the ice workers were thankful for their jobs.

Of the workers mentioned by name in the court records, none could be found alive in 1979. The widow of one worker now lives in south Atlanta, and she recalls those hard times well.

"He was out of work. He was grateful to get anything," said the woman of her husband, asking that his name be kept private. "Way back yonder, when he was young, he worked in the cold-storage department. He went to work down there about 1934. It was during the depression. I remember it was for \$18 a week. He didn't care about the hours."

"You know, nobody made much then. He had been without work for eight months. We went and lived with an aunt. He was grateful. He's gone now. All the people I knew then are gone. But I can tell you they were grateful."

Shelby Low, who has worked for Southern Railway for more than 45 years in the Inman yard in Atlanta, also

Continued on Page 11-A

Underpaid

Continued from Page 10-A
 recalled work on the icing platform there, the "largest below the Mason-Dixon line."
 "It was really a three-story building, with the first story underground where they kept the ice," Low said. "We called that room Black Bottom. Elevators carried the ice up to the top floor and men loaded the ice onto the trains. You needed 60 blocks of ice for each car, and each block weighed 300 pounds. At one time, during the 1936 and 1937 peach season, we worked 200 people."
 "There were more blacks than whites. But they didn't show any partiality in their hiring."
 Following appeals, on Jan. 12, 1942, almost four years after the Fair Labor Standards Act was passed, the ice workers won the minimum wage — at least in theory. Judge Russell on that day signed the fiercely fought Atlantic Co. injunction. The order required the firm to pay its employees the minimum wage, including any increases through 1945.
 For many of the ice workers, the hardest times soon were a memory. The nation went to war, and many laborers — at the Atlantic Co. and elsewhere — found themselves overseas. And, for those who stayed behind, there was suddenly plenty of work.

World war came and went, and the depression was replaced by prosperity. The work week stayed at 40 hours, and the federal minimum wage moved higher. By the mid-1950s, it had reached \$1.
 That magic mark, however, was not always a reality at the Atlantic Co., according to documents filed on June 23, 1955, in U.S. District Court for the Middle District of Georgia.
 The focus this time was on three Atlantic plants around the Southeast, each operating as the Atlantic Ice and Coal Co. Inc. The plants were in Rome and Fort Valley, Ga., and Montgomery, Ala.
 The civil suit, filed in the federal court's Columbus Division by James P. Mitchell, then secretary of labor, sought a permanent injunction barring the Atlantic Co. from violating the nation's minimum wage law. The second court battle had begun.
 Fourteen months later, the battle seemed to be over when the court issued the injunction, on Aug. 15, 1956.
 Less than two years later, however, frustrated Department of Labor lawyers reopened the case. On April 3, 1958, they petitioned for a contempt finding against Atlantic, claiming that the company had "repeatedly violated" the injunction.
 Affidavits from wage and hour officers in Fort Valley, Rome and Montgomery, reported that investigations showed that Atlantic continued to pay workers less than the \$1 minimum wage at their plants in those cities while packing and preserving peaches, producing and selling ice and coal, and distributing groceries.

On March 23, 1959, the company seemingly gave in. An agreement worked out by attorneys for Atlantic and the Labor department was filed with the court. Atlantic agreed to pay back its employees for its "alleged violation" of the minimum wage law. In exchange, the government agreed to drop its petition for civil contempt.
 The permanent injunction against violating the wage-hour law remained in effect.

U.S. District Court in Macon was the next battleground. In 1962, the focus was on Atlantic plants in Macon, Cordele, and Cuthbert, Ga.

On April 13, 1962, U.S. District Judge W.A. Bootle signed an order declaring that from Aug. 15, 1956 — the date of the standing injunction — the Atlantic Co. had failed to pay workers at these plants the minimum wage, which had rested at \$1 until Sept. 3, 1961, then risen to \$1.15.

As it had three years earlier, the company agreed to a settlement. It would make restitution to 32 employees of back wages totaling \$16,342.27.
 There was a new wrinkle in the proceedings. The Atlantic Co. pleaded guilty to criminal charges in federal court in Macon, the first time the company had met with anything other than civil sanctions. Bootle levied a fine of \$3,000, and the company was ordered to pay \$1,000 in court costs. Round three was over.

The nation's economy has

changed considerably over four decades. The reliance on ice melted away. Nothing more vividly illustrated that reality than the refrigerator in almost every American household. The "icebox," which had once depended on purchased ice to chill food, was now replaced by an appliance that produced its own ice.
 The Atlantic Co. had to change with the times. And it did.

Over the years, a new business sprang up alongside the ice plants — small retail stores selling ice, and as ice plants stayed open beyond

normal business hours, so did the stores. Soon, the stores were selling groceries and basic household products. They came to be known as convenience stores.
 Atlantic opened its first "E.Z." markets in 1948 and, in time, the stores became the financial backbone of the company.

In large part, the shift was the work of energetic new management. In 1962, the directors of Atlantic, deciding the company needed new leadership, recruited a bright, self-made Atlanta businessman named Dillard Munford to take over. Munford, 45 at

the time, was a Georgia Tech graduate who had started a business selling insulation after the war and later ventured into small construction supply outlets.
 Under Munford's direction, Atlantic either built or bought new convenience stores around the Southeast, "100 of them here, 300 of them there," in the words of one company official.
 In 1968, a major merger was completed with Jackson's Minit Markets of Florida. For a period, the company name was changed to Jackson-Atlantic Co.

In 1971, the company

changed its name again, this time to Munford Inc. Two years later, it acquired a new group of stores, and the trade name Majik Market.
 By the end of 1975, a corporate annual report still listed 25 ice plants among the holdings, but they accounted for a mere 2 percent of total sales and 4 percent of earnings.
 The ice holdings were now dwarfed by the 1,408 stores that the company operated. Munford Inc. had become the nation's second-largest chain of convenience stores, doing some 200 million commercial transactions a year in 14

states from Florida to Michigan. Only the 7-Eleven chain was bigger.
 It was a 1977 annual report which first warned stockholders of a problem in the convenience store trade — a federal investigation.
 The report told stockholders that Munford Inc. had been notified by the wage and hour division that "a number of its convenience stores are under investigation for alleged violations of the minimum wage laws."
 "The registrant has not yet been advised of the extent of the wages being sought, nor the specific violations, al-

though the general allegation has been that certain employees did not receive payments for all hours worked," the company said.
 Round four had begun. It was not until March 1979 that a public document reported the outcome. The company's name and business had changed over 40 years, but the document had a familiar ring.
 "The stipulation," an agreement between attorneys for the Labor Department and the company, was filed in the

Continued on Page 12-A

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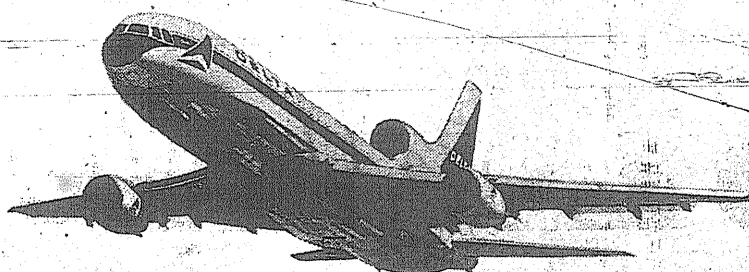
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Daytona Beach	154	92	—
Detroit	202	121	101
Ft. Myers*	178	107	89
Greensboro/High Point/Winston-Salem	136	82	68
Hartford/Springfield	268	161	134
Houston	232	139	116
Los Angeles	492	295	246
Miami/Ft. Lauderdale	210	126	105
Nashville	106	64	53
New Orleans	170	102	85
New York	246	148	123
Philadelphia	226	136	113
Raleigh/Durham	150	90	75
San Antonio	270	162	135
Sarasota/Bradenton*	170	102	85
San Francisco	532	319	266
Washington/Baltimore	202	121	101

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Underpaid

Continued from Page 11-A
 U.S. District Court for the Middle District of Georgia, under the heading *James P. Mitchell (Secretary of Labor) v. Atlantic Company Inc.*

The agreement noted first that the company now calling itself Munford Inc. still stood under the injunction issued 23 years earlier.
 The document went on to report that investigations of Majik Markets in eight states had "revealed minimum wages and overtime compensation" owed many employees "as a result of improper deduction of (cash-register) shortages from minimum wages and for a failure to pay for time worked beyond the shift time."

Munford Inc. agreed to pay back wages totaling \$734,990 to present and past Majik Market employees, eventually numbered at 18,000.

When talking about about their minimum wage problem these days, Munford Inc. officials are careful to disassociate themselves from the wage problems which marked the company's Atlantic years.

"That was in the ice business. I don't know much about that," said Dillard Munford.

Stephen Danneman, Munford's senior vice president who handled the convenience store case, said that none of the current top company officials were around in the earlier days. To Danneman, the 1979 case was different from cases involving Atlantic in 1940, 1955 and 1962. "We are not guilty of slave labor, which is what the allegation was back in the fifties," Danneman said.

Both company officials and government attorneys agree that the allegation now was quite different from those cited in the ice days. Indeed, the company's history reflected a change in the type of minimum wage violations most commonly found in different eras.

While today there are surely some industries and businesses where working conditions approach "slave labor," more often today it is not such blatant disregard of the law which pushes workers' pay below the minimum wage.

Instead, modern minimum wage disputes are frequently fought over small amounts of time and deductions from pay checks. This was the case with clerks at Majik Markets throughout the Southeast, where two working conditions were cited as pushing earnings below the minimum:

- While listed salaries were at the minimum wage or slightly higher, actual wages for the convenience store clerks were reduced through deductions, most commonly for cash shortages at the end of a shift.

- Employees often worked longer than the hours credited. Some came to work earlier than the listed hours, others stayed later. Routinely, Majik Market clerks were asked to deposit proceeds in the company bank account after their shift was complete — and were not paid for this time.

The practices at Majik Markets were not different

from those at many other convenience stores, according to Larry Stine, an attorney who handled the case for the Department of Labor. "Munford does not deserve to wear a black hat," Stine said.

As company official Danneman put it: "The allegation was never that we were not paying the minimum wage, but that deductions put them below."

As Dillard Munford saw it, the case "was a matter where the wage-hour people said an employee couldn't come in the store and take off his coat and go to the bathroom without being on the payroll."

"People think when you talk about a minimum wage violation that you're talking about trying to beat some poor widow woman out of 10 cents an hour," the corporate chairman said. "That was not involved with us at all. . . It was just that they said that people who are in a store ought to be paid for it. And if they would make a deposit in a bank on the way home, they ought to be paid for it."

While company officials see the violations as minor technicalities, store workers take them seriously. "Sure, I've been to the bank many, many times and never got

paid or any of it," said one woman who works at a Majik Market in Atlanta.

The woman is not atypical of the people working in the convenience stores. Many are women who are not very experienced in the work force. This is also entry-level work for many foreign nationals, including Koreans and Vietnamese. "I don't know anybody who complained," the woman said recently, "but I know that most people who work here want their money for their time. You can't make much money working at these stores." Munford and Danneman

describe the company — and its employees, also — as victims of unfair minimum wage laws and picky government officials.

Munford and Danneman said from 100 to 300 Majik Markets were closed in recent years because rising minimum wages made them unprofitable. "That's a situation that will continue as the minimum wage goes up," Danneman said. "When you close stores, people are out of jobs. We aren't saying we're a charitable organization, but we do provide jobs for people who can't get them otherwise."

Munford called the minimum wage "a tragic thing." Many people who come looking for work, he said, "are just not worth the minimum wage."

The stipulation filed in federal court earlier this year set out a timetable for Munford Inc. to pay the \$735,000 owed 18,000 Majik Market clerks. The company must make a "diligent and good-faith" effort to locate these workers and pay them by Dec. 31, 1980.

The years have not been easy for the Atlanta-based conglomerate. It has had to

fight four minimum-wage cases over four decades, while trying to survive a changing economy. There have been many profitable years, but also money-losing times.

Faced with one downward period not long ago, company officials began reviewing their assets and weeding out the less promising holdings. A dairy-product subsidiary was sold, and some struggling Majik Markets closed.

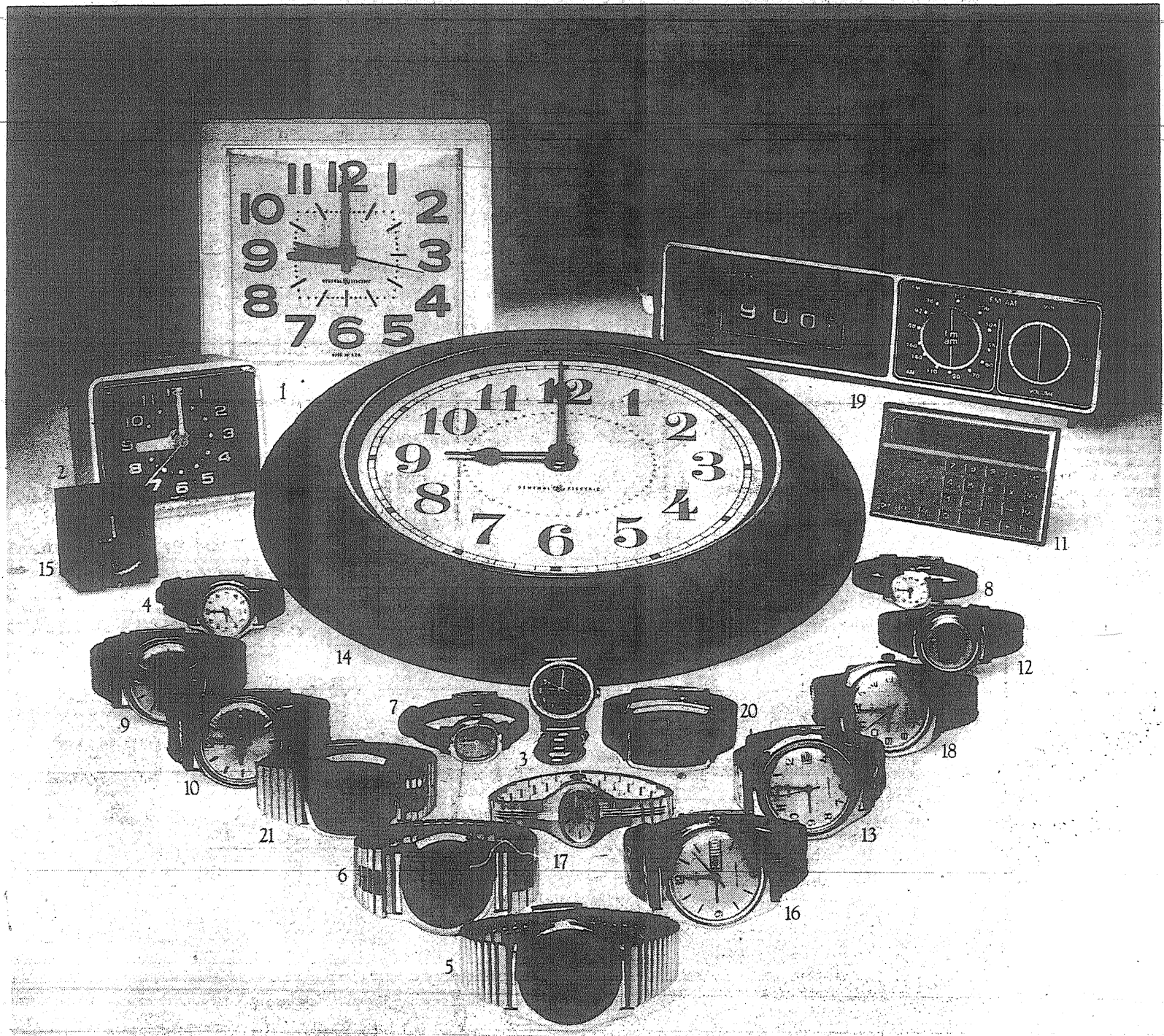
And there was one other corporate move only briefly noted on the financial pages. In 1978, Munford Inc. sold 20 of its ice plants spread over

eight Southeastern states. Only one plant, in Virginia, was kept. Company officials explained that the plants were quite old and that ice had a limited future as a product.

The sale of the old Atlantic Co. facilities had no effect, however, on the court injunction issued decades earlier. Munford Inc. still finds itself under permanent order to obey the Fair Labor Standards Act, the nation's minimum wage law.

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Back Pay Costs \$98.7 Million

WASHINGTON (AP) — Employers paid a record \$98.7 million in back wages in fiscal 1979 to more than a half million workers who were underpaid in violation of federal law, the Labor Department said Tuesday.

The department said the restored wages, which were distributed to 551,603 employees during the 12 months ending Sept. 30, represented a 26 percent increase from fiscal 1977.

More than \$78.1 million was distributed to 538,197 workers last year.

The underpayments resulted from violations of minimum wage, overtime, equal pay or age discrimination provisions of U.S. labor standards.

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\$1,000	FREE	FREE	FREE	FREE	FREE	FREE	\$6.95	\$6.95	\$6.95	\$6.95	\$6.95	\$9.95	\$9.95	\$9.95	\$11.95	\$11.95	\$14.95	\$14.95	\$14.95	\$19.95	\$19.95
\$5,000	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	\$6.95	\$6.95	\$6.95	\$8.95	\$8.95	\$11.95	\$11.95	\$11.95	\$16.95	\$16.95
\$10,000	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	\$6.95	\$6.95	\$9.95	\$9.95	\$14.95	\$14.95
With each additional deposit of \$100 or more:	\$4.95	\$4.95	\$9.95	\$9.95	\$9.95	\$9.95	\$13.95	\$13.95	\$13.95	\$13.95	\$13.95	\$16.95	\$16.95	\$16.95	\$18.95	\$18.95	\$21.95	\$21.95	\$21.95	\$26.95	\$26.95

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