

ACTIVE ITEMS. There are no active items on this schedule. This schedule cannot be used to disposition records.

INACTIVE ITEMS. These items may no longer be used to disposition records.

They are superseded or obsolete. References to more recent schedules are provided below as a courtesy. Some items may be annotated on the schedule.

NA ITEMS. These items have no applicable status (active or inactive). These items cannot be used for disposition.

For example, not applicable items were filing instructions, describe non-records, pointed to another disposition authority, listed as "reserved", were lined off and not approved at the time of scheduling or had an instruction of "disposition not approved".

(P) Permanent - item with permanent disposition

(T) Temporary - item with temporary disposition

ITEM	STATUS	WHY INACTIVE
1	Inactive (T)	Temporary records are presumed destroyed.
2	Inactive (P/T)	Temporary records are presumed destroyed. Permanent records from the St. Louis District transferred to NARA. National Archives Identifier 5860053
3/a	Inactive (P/T)	Temporary records are presumed destroyed. Permanent records from the St. Louis District transferred to NARA. National Archives Identifier 5860053
3/b	Inactive (P/T)	Temporary records are presumed destroyed. Permanent records from the St. Louis District transferred to NARA. National Archives Identifier 5860053
4	Inactive (T)	Temporary records are presumed destroyed.
5	Inactive (T)	Temporary records are presumed destroyed.
6	Inactive (T)	Temporary records are presumed destroyed.
7	Inactive (P/T)	Temporary records are presumed destroyed. Permanent records from the St. Louis District transferred to NARA. National Archives Identifier 5822014
8	Inactive (P/T)	Temporary records are presumed destroyed. Permanent records from the St. Louis District transferred to NARA. National Archives Identifier 5822004
9/a	Inactive (P/T)	Temporary records are presumed destroyed. Permanent records from the St. Louis District transferred to NARA. National Archives Identifier 5822024

9/b	Inactive (P/T)	Temporary records are presumed destroyed. Permanent records from the St. Louis District transferred to NARA. National Archives Identifier 5822024
10	Inactive (P/T)	Temporary records are presumed destroyed. Permanent records from the St. Louis District transferred to NARA. National Archives Identifier 5822024
11	Inactive (P/T)	Temporary records are presumed destroyed. Permanent records from the St. Louis District transferred to NARA. National Archives Identifier 5822024
12	Inactive (P/T)	Temporary records are presumed destroyed. Permanent records from the St. Louis District transferred to NARA. National Archives Identifier 5822024
13	Inactive (P/T)	Temporary records are presumed destroyed. Permanent records from the St. Louis District transferred to NARA. National Archives Identifier 5822024
14/a	Inactive (P/T)	Temporary records are presumed destroyed. Permanent records from the St. Louis District transferred to NARA. National Archives Identifier 5822004
14/b	Inactive (P/T)	Temporary records are presumed destroyed. Permanent records from the St. Louis District transferred to NARA. National Archives Identifier 5822004

REQUEST FOR AUTHORITY TO DISPOSE OF RECORDS

(See Instructions on Reverse)

TO: GENERAL SERVICES ADMINISTRATION,
NATIONAL ARCHIVES AND RECORDS SERVICE, WASHINGTON, D.C. 20408

1. FROM (AGENCY OR ESTABLISHMENT)

Internal Revenue Service

2. MAJOR SUBDIVISION

Facilities Management Division

3. MINOR SUBDIVISION

Information Systems Branch A:FM:I

4. NAME OF PERSON WITH WHOM TO CONFER

Ross Thomson

5. TEL. EXT.

6711

6. CERTIFICATE OF AGENCY REPRESENTATIVE:

LEAVE BLANK <i>RG 58</i>	
DATE RECEIVED MAY 1 - 1973	JOB NO. NN-173,240
NOTIFICATION TO AGENCY	
NOTIFICATION TO AGENCY	
IN ACCORDANCE WITH THE PROVISIONS OF PUBLIC LAW 91-287 DISPOSAL OF ITEMS MARKED "DISPOSAL APPROVED" IS AUTHORIZED.	
5-14-73 DATE	<i>James B. P. [Signature]</i> ARCHIVIST OF THE UNITED STATES

I hereby certify that I am authorized to act for this agency in matters pertaining to the disposal of the agency's records, that the records proposed for disposal in this Request of _____ page(s) are not now needed for the business of this agency or will not be needed after the retention periods specified.

4-27-73 *Marie P. Carey*
(Date) (Signature of Agency Representative)

Program Manager, Records Management
(Title)

7. ITEM NO.	8. DESCRIPTION OF ITEM (With Inclusive Dates or Retention Periods)	9. SAMPLE OR JOB NO.	10. ACTION TAKEN
	The records covered by this schedule are created and accumulated in the Office of the Assistant Regional Commissioner (Stabilization) in the regional office, the Stabilization Program Branches in all district offices and in subordinate field offices. These records pertain to administrative and program functions of stabilization activities in carrying out prompt, courteous, and uniform replies to requests for information, interpretations, rulings and appeal rights to all major aspects of the Stabilization Program. In addition to the above these records contain information that was required to fairly and promptly investigate complaints alleging violation of the Stabilization Program and to grant or deny exception/exemption requests. The records fall into four major groups, the first representing administrative functions and the latter three representing program functions. They include: 1. Administrative records pertaining to the overall administration and operation of Stabilization activities. 2. Phase I Stabilization program records through November 1971 which document the processes involved and action taken to promote voluntary compliance. 3. Phase II Stabilization program records created after November 1971 which document the processes involved and action taken to promote voluntary compliance. 4. Phase III Stabilization program records to be issued.		

14 items

To N.A.F. 2 May 73
Ret. w/in 10 May 73

REQUEST FOR AUTHORITY TO DISPOSE OF RECORDS—Continuation Sheet

7. ITEM NO.	8. DESCRIPTION OF ITEM (WITH INCLUSIVE DATES OR RETENTION PERIODS)	9. SAMPLE OR JOB NO.	10. ACTION TAKEN
	<u>Stabilization records from the St. Louis District</u> have been selected as being representative of all Stabilization records, <u>and</u>, as designated in this schedule, are being retained as having enduring archival value. <u>Certain Phase I and Phase II Stabilization cases,</u> described in Regional messages in March 1973 to the National Office, <u>are to be retained</u> pending review and evaluation by National Archives to identify those having enduring archival value. The records disposition authorizations in this schedule are based on administrative determination of the Internal Revenue Service, Cost of Living Council, and disposal authority granted by the Archivist of the United States. <u>ADMINISTRATIVE RECORDS</u> 1. <u>Routine Correspondence Files.</u> Memoranda, transmittal letters and teletypes, pertaining to the administrative, housekeeping, or facilitative functions relating to the over-all administration and operation of an individual Office. Dispose 2 years after the end of the year or upon termination of program whichever is earlier. 2. <u>General Correspondence Files.</u> Correspondence (not covered elsewhere in this schedule) with the National Office; regional offices, other district offices, or subordinate field offices concerning program activities involving policy, procedures, decisions etc., not made a part of a specific case. <u>(St. Louis District - Retain for transfer to National Archives.)</u> Dispose 5 years after end of the year. 3. <u>Facsimile Messages and Reports.</u> (a) Copies of facsimile messages and reports, originals of which were addressed to the National Office. <u>(St. Louis District - Retain for transfer to National Archives.)</u> Dispose when no longer needed in current operations. (b) Copies of facsimile messages and reports, originals of which were not addressed to the National Office. <u>(St. Louis District - Retain for transfer to National Archives.)</u> Dispose 5 years after the end of the year.		DISPOSAL APPROVED DISPOSAL APPROVED DISPOSAL APPROVED DISPOSAL APPROVED

REQUEST FOR AUTHORITY TO DISPOSE OF RECORDS—Continuation Sheet

7. ITEM NO.	8. DESCRIPTION OF ITEM (WITH INCLUSIVE DATES OR RETENTION PERIODS)	9. SAMPLE OR JOB NO.	10. ACTION TAKEN
4.	<u>Narrative, Statistical Progress and Production Reports</u> (excluding facsimile reports) and related workpapers, registers, and backup material. (a) Copies of reports transmitted to the National Office. Dispose when no longer needed in current operations. (b) Copies of reports not transmitted to the National Office. Dispose 5 years after the end of the year.		DISPOSAL APPROVED DISPOSAL APPROVED
5.	<u>Internal Control Records.</u> Card files and other records developed to control assignments and work flow; to record action; or to serve as receipts for records borrowed or loaned. Dispose when no longer needed in current operations, but no later than 2 years after the end of the year.		DISPOSAL APPROVED
6.	<u>Issuance Files.</u> Copies of internal management documents which are issued by the National Office, the regional offices, and the office of the District Director, and are retained solely for reference purposes. Dispose when obsolete, superseded, or no longer needed.		DISPOSAL APPROVED
7.	<u>Closed Case Files.</u> Records created and accumulated in the Office of Emergency Preparedness regional offices and IRS offices. The OEP records were transferred to IRS in November 1971 when all new cases (Phase II) were assumed by IRS. These closed files consist of correspondence, copies of interpretations, rulings and decisions, reports, copies of OEP forms, applications for exemption or exception and other related data pertaining to (a) Economic Stabilization Program violations, (b) allowance or disallowance for exemption or exception from restrictions of Economic Stabilization Program regulations, and (c) granting or denying of appeals filed involving adverse IRS actions and pay challenges relating to the administration of the Economic Stabilization Program. <u>(St. Louis District - Retain for transfer to National Archives.)</u> Dispose after 5 years.		DISPOSAL APPROVED

REQUEST FOR AUTHORITY TO DISPOSE OF RECORDS—Continuation Sheet

7. ITEM NO.	8. DESCRIPTION OF ITEM (WITH INCLUSIVE DATES OR RETENTION PERIODS)	9. SAMPLE OR JOB NO.	10. ACTION TAKEN
8.	<u>Alphabetical Card Index.</u> Cards serve as a finder media for Phase I records and may show names of individuals or companies concerned, case numbers and other related data. <u>(St. Louis District - Retain for transfer to National Archives.)</u> (a) Record copy. Dispose upon termination of program. (b) Copy. Dispose after 5 years.		DISPOSAL APPROVED DISPOSAL APPROVED
9.	<u>PHASE II PROGRAM RECORDS</u> <u>Closed Written Inquiry Case Files</u> consisting of correspondence received from various sources requesting general information, asking for interpretations, rulings, or decisions concerning the Economic Stabilization Program, or containing allegations or indications of program violations. <u>(St. Louis District - Retain for transfer to National Archives.)</u> (a) General information inquiries. Dispose after 1 year. (b) Other inquiries. Dispose after 5 years.		DISPOSAL APPROVED DISPOSAL APPROVED
10.	<u>Closed Complaint/Investigation Case Files.</u> Preliminary investigations and full-scale investigations resulting from locally initiated, directed, or special investigations. The files contain letters from the public and replies, IRS forms S-7, S-9, S-32, S-44, S-65 and S-41, and various background papers such as agents or revenue officers synopses, disclosure statements, minutes of board meetings, and newspaper clippings. <u>(St. Louis District - Retain for transfer to National Archives.)</u> Dispose after 5 years.		DISPOSAL APPROVED

REQUEST FOR AUTHORITY TO DISPOSE OF RECORDS—Continuation Sheet

7. ITEM NO.	8. DESCRIPTION OF ITEM (WITH INCLUSIVE DATES OR RETENTION PERIODS)	9. SAMPLE OR JOB NO.	10. ACTION TAKEN
11.	<u>Closed Exemption/Exception Case Files</u> consisting of applications (S-16), determination letters, related correspondence, documents, and background papers such as newspaper clippings, profit and loss statements, and agreements. The case files pertain to the allowance or disallowance for exemption or exception from restrictions of program regulations on prices, rent, wages and salaries which were either approved or disapproved. <u>(St. Louis District - Retain for transfer to National Archives.)</u> Dispose after 5 years.		DISPOSAL APPROVED
12.	<u>Closed Appeal Case Files</u> consisting of appellant's statement of objections and views, notification of decision and related documents, and background papers such as labor negotiation agreements, legal appeals, and copies of regulations. These closed files pertain to the granting or denying of appeals filed by persons or their representatives who are dissatisfied with an IRS decision relating to the administration of the Economic Stabilization Program. <u>(St. Louis District - Retain for transfer to National Archives.)</u> Dispose after 5 years.		DISPOSAL APPROVED
13.	<u>Other Closed Case Files.</u> These are files which are not mentioned in the above major program records and may consist of Retroactive Pay Applications/Certifications and Notification from Health Service Providers. <u>(St. Louis District - Retain for transfer to National Archives.)</u> Dispose after 5 years.		DISPOSAL APPROVED
14.	<u>Alphabetical Card Index.</u> These cards serve as finder media for Phase II Records. The cards may show names of individuals or companies concerned, case numbers, and other related data. <u>(St. Louis District - Retain for transfer to National Archives.)</u>		
	(a) Record copy. Dispose upon termination of program. (b) Copy. Dispose after 5 years.		

Received
Date

To: Chief, Program Information Branch	DATE: 3-15-73	FILE NO: 3-15-73
From: National Office S:P:I	Response by: ☐ Fax ☐ Mail ☐ Telephone	Response Date
ARC (Stabilization) Central Region	Priority	Subject
Phase I and II Record Control Schedule		

As requested in NOB-1481 we have identified the following Phase I and II cases in this region for possible permanent preservation in the National Archives and Records Service.

1. Case Name: Cincinnati Transit, Inc.
Control Number: Sensitive Case - ESP 01
District: Cincinnati, Ohio

Concerned both Phase I and II violations. Company reduced service without reduction in fares on 9/5/71. On 11/14/71, the start of Phase II, company increased cash fares which were not approved by City of Cincinnati Public Utilities Director. City filed complaint against company. Justice Department filed suit on 12/17/71 and company filed suit against Price Commission on same date. Consent decree - delayed planned fare increase for approximately three months.

2. Case Name: Forno - Washington, Inc.
Control Number: 3180064
District: Cincinnati, Ohio

Phase II exception request. Small company (approximately 170 factory employees) but world's leading manufacturer of ambulance cots. Supply approximately 95% of U. S. needs and exports exceed \$500,000 annually (balance of payments impact). Consolidated two small plants into one location--surplus U. S. government property. New location required most employees to travel greater distance to and from work. New location in "higher prevailing wage" area. Lost experienced workers due to these factors. Based on hardship/incapacity, Pay Board approved payment of wage increase effective 7/1/72 of approximately 8% over and above the 5.5% granted factory workers on 11/14/71.

3. Case Name: Andrew L. Johnson, Jr.
Control Number: 34-06061
District: Cleveland, Ohio

Landlord raised rents in July 1972 from \$100 to \$110 a month on fifteen of seventeen units. The apartment is located at 14078 Superior Road, East Cleveland. The landlord gave no notification and refused to roll back rents.

A suit was filed in the U. S. District Court charging Andrew L. Johnson with allegedly having demanded and received unlawful rent increases from fifteen tenants without proper notification. In addition to a refund of amounts illegally collected from tenants, the government is seeking a civil penalty of \$1,000 for each tenant charged an unlawful rent increase. This could amount to \$15,000.00.

4. Case Name: Leaseway Transportation
Cleveland, Ohio
Control Number: 34-7
District: Cleveland, Ohio

Leaseway failed to file proper prenotification forms. Prices were increased on certain companies. Leaseway claimed that since they were made up of over 200 corporations they were not a prenotifying firm with sales of over \$100 million. Leaseway conceded they were a prenotifying firm and refunded any price increases made without prenotification. Refunds totalled \$153,552. Another issue raised was whether Leaseway had some corporations which had custom services. This issue was never resolved. National Office directed issuance of Notice of Violation for failure to file.

5. Case Name: Graphic Arts Association of Michigan, Inc.
and Typographical Union AFL-CIO, Local 18
Detroit, Michigan
Control Number: 38-48
District: Detroit, Michigan

Wage increases in excess of 5.50 negotiated after 11/14/71 were put into effect because of the threat of a strike by the union against the association employers. Agents from the Detroit office interviewed both management and union officials regarding the violation of Pay Board regulations after both parties had previously been warned by the IRS that they would be in violation of the regulations. The case was finally decided at the National Office level. On 3/17/72 it was published in the Wall Street Journal that Donald Rumsfeld, Director of the Cost of Living Council, called the agreement "the first voluntary case in which the employers and union have rolled back pay pact and promised restitution of payments over the 5.50 guidelines."

6. Case Name: State of Michigan
Department of Mental Health
Lansing, Michigan
Control Number: 38-3
District: Detroit, Michigan

An IRS investigation determined that a significant price violation of Phase I and Phase II Stabilization regulations had occurred. The State of Michigan had raised the rates chargeable to individuals, counties and the Veterans' Administration during Phase I. They further increased prices during Phase II without prenotifying or receiving permission to increase prices under the regulations. The case is still before the Justice Department for possible prosecution. The issue is unresolved at this time.

7. Case Name: Blue Cross-Blue Shield
Indianapolis, Indiana
Control Number: 35-6
District: Indianapolis, Indiana

Health care and large refunds. The projected violation from the audit was \$3 million. After the audit, the company announced a \$10 million "dividend" to be paid to policy holders.

8. Case Name: Orthopedic Equipment Co.
Bourbon, Indiana
Control Number: 35-3
District: Indianapolis, Indiana

Significant features - Audit problems, political intervention, unenforceable regulations.

An audit demonstrated that firm increased price much in excess of cost.
Reason - to meet competition.

9. Case Name: Managers, Inc. - Agent for Aladdin Courts, Beach
Tree Glen Camp, Carmel Village Green Apartments
Hawthorne Manor East Apartments, Plaza Investment Co.
Control Number: 35 - R-2, 3, 4, 5 and 6
District: Indianapolis, Indiana

Significant features - Agent increased rents causing landlords to be in violation and application of Rent Sanctions.

Managing agent increased rents causing absentee landlords to violate rent regulations. Rent Sanction applied with managing agent paying penalties.

10. Case Name: Commonwealth of Kentucky
Department of Economic Security
Control Number: 61-601613
District: Louisville, Kentucky

This was an exception request filed by the state on behalf of 228 personal care homes. The request was for clearance to accept increased amounts from the state for care of indigent persons. The blanket exception request was denied by the Price Commission and we were starting to get a few individual exception requests when Phase III was announced exempting rental units from controls.

Facsimile
Message

Begin your
message at
this side guide

To: Chief, Program Information Branch National Office S:P:I	3-15-73	JO No. SE-N-297 Page 1 of 1
From: ARC (Stabilization) Southeast Region ST:DRW Subject: Phase I and II Records for National Archives (NOB-1481)	Response by: ☐ Fax ☐ Mail ☐ Telephone Priority Expedite	Response Date Signature <i>Victor E. L...</i>

1. Futura, Inc. & Charles F. Tunnicliff - Jacksonville District. First criminal prosecution under the Economic Stabilization Act. Tunnicliff charged rent in excess of base rent, when contacted by IRS agreed to voluntary roll-back, then tried to bribe tenant to falsely confirm compliance.
2. Colonial Stores - Atlanta District. Representative of problems encountered in establishing pricing practices of large multi-item retailer (grocery chain) and establishing that such practices were covered by existing regulations and rulings.
3. Mississippi County Supervisors - Jackson District. Major government units pay case. Politically influential officials authorized excessive pay increase by State legislation. Shows involved technical interpretation of regulations.
4. Jefferson Place Apartments - Jackson District. Typical rent violation, but with involved technical determinations. Landlord stopped paying tenants' electricity bill.
5. Alabama Power Company - Birmingham District. The first public utility investigation resulting in a court ordered refund. The Alabama Power Company raised the rates for steam heat in October 1971, and were ordered to reimburse customers for the overcharge on September 21, 1971 by the U. S. District Court for the Northern District of Alabama, Civil Action No. 72-389.

12-646

Facsimile
Message

To: Asst. Chief, Program Information Br.
From: National Office

Date: 3/16/73

ID No: _____
Page _____ of _____

From: Asst. APC (Stabilization)
Western Region S:P

Response by:
☐ Fax ☐ Mail ☐ Telephone

Response Date: _____

Subject: Phase I & II Records
Control Schedule

Priority: _____
Signature: *[Handwritten Signature]*

The following list represents the Western Region's unique cases as set forth in NOB-1401.

1. Fred Moyer Portland District

Fred Moyer, Inc., a Pacific Northwest food chain, was the first food retailer in the United States to enter into a voluntary compliance agreement with regard to the item versus aggregate pricing method of computing Customary Initial Percentage Mark-up.

2. Paul Cooper Los Angeles District

This investigation resulted in the first criminal conviction stemming from an Economic Stabilization investigation. The case involved an illegal increase in rents and the conviction was based on willful disregard of Economic Stabilization regulations, presentation of false records, and making false statements to a federal officer. Criminal conviction was secured under Section 1001 of the United States Federal Code.

3. Fed-Mart, Inc. Los Angeles District

This case clearly depicts a conflict between local and state laws and Economic Stabilization regulations. The Alcohol Beverage Control Board of California enforces the sales price on packaged liquors for all retail sales as established by the Major Brand Wine Owners. These sale prices often exceed permissible prices within the Economic Stabilization regulations. The dilemma confronting the retailer--being outside either local law or stabilization regulations--is apparent. This conflict is still before the courts.

4. INM (Labor Union) Los Angeles District

Employers paid negotiated wage increases which exceeded the permissible standards into escrow accounts and did not take the increased amounts into account in computing the annual wage increase. The District Court ruled that the amounts set aside in the escrow accounts were to be treated as though paid to the individual employees and thus accountable in determining the total wage increase in each year paid to the escrow account. The Court also held that such escrow accounts were to be made available for inspection by IRS investigators.

5. EL Freight, Inc. Salt Lake District

When a written inquiry regarding qualifying their office salary employees unit for union relationship was denied, EL Freight requested a personal hearing. In the written answer from the recalcitrant conference, the last paragraph states, "that the non-union office employees may possibly qualify for 'union relationship'". The letter goes on to say they may wish to pursue this matter further by filing a request for exception on Form S-16, on the employee unit "salaries supervisors" not the office hourly, which they d

5. con't.

Knowing that the maximum allowable increase would be seven percent, the firm paid eleven percent. This investigation disclosed that E.L. Freight, Inc., exceeded the allowable salary increases in the office salary employee rate.

6. Weyerhaeuser Co. Seattle District

This highly significant case involving the world's largest lumber producer resulted, through the Economic Stabilization Program, in price reductions of some \$25 million dollars. With Weyerhaeuser, one of the first total limit pricing agreements was executed.

7. Siapam Timber Company Seattle District

This case is highly significant for a variety of reasons. As the first case in the lumber industry to result in a refund/reduction order by the Price Commission it received nationwide publicity. The outcome of the case resulted in a substantial impact on the lumber industry in inhibiting price increases under Phase II.

8. ATAC, Inc. Honolulu District

A suit was filed against ATAC, Inc., and Island Holidays Resort, Inc., for 1000 alleged violations against the 1971 Economic Stabilization Act, and asked \$109,500 in penalties. The suit charged Island Holidays raised room rates in seven of its eleven hotels on January 1, 1972, without asking the Price Commission for approval. An increase in room rates was approved on April 12 and Island Holidays' prices were lawful from that date but increases before that date brought the Federal suit. ATAC filed a motion in Federal court to dismiss the charges by the Cost of Living Council testing the constitutionality of the Economic Stabilization Program and the price-fixation rules and regulations. The Federal judge ruled in favor of the Government which was a precedent setting decision, and one of the first large price-fixation violation cases in the country.

9. J.R. Simpson Co. Boise District

This Tier I Company increased prices in excess of cost justification and base prices prior to filing EC-1. It was recommended that a refund and rollback notice be issued for 80 million dollars and the firm be charged with four \$2,500.00 civil penalties.

10. Reedway Lumber Portland District

This case is currently being handled by the Justice Department. It is the first lumber case expected to be filed in the courts. Reedway Lumber Co., is a Tier I firm with sales of \$1,117,000,000.00. The potential violation is 3.5 million dollars.

NA-Kelly
NA-Kelly

Encls
Mailing

To: Chief, Program Information Branch,	DATE 1973	ID No. 1 of 1
ATTN: BIP: National Office		
From: ARC (Stabilization) North-Atlantic Region	Response by: ☒ Fax ☐ Mail ☐ Telephone	Response Date
Subject: Summaries of Selected Case Files	Priority	Signature

In reply to MOB-1481, summaries of our selected case files are listed below:

Albany

City of Amsterdam
Amsterdam, New York

Wage increases in violation of Section 301.3, definition, appropriate employee unit, and Section 201.10 General Wage and Salary Standard City Council of the City of Amsterdam knowingly and willfully violated the Stabilization Regulations specified above. Previous to approving increases for 12 elected officials the Council had been advised they would be in violation of the Stabilization Program. The matter received wide local news media coverage. Total dollar violation of 07,328, dating back to July, 1972. The matter was referred to the U. S. Attorney for litigation.

Boston

Purity Supreme, Inc.
312 Boston Road
B. Billerica, Massachusetts

The investigation determined that the company had increased prices, in excess of the base price, on an average of 85 items in each of its stores without complying with the prenotification requirements. In addition it was determined that the firm had not met the posting requirements in Section 300.13(b).

On March 23, 1972 the Justice Department filed suit in the United States District Court in Boston, Massachusetts seeking a \$5,000 penalty and a reduction in prices to restore the overcharges to its customers. This action was the first charge in the nation against a Tier I food chain for violation of the Economic Stabilization Act.

Brooklyn

21st Century Corporation
(McDonald's Hamburgers)

While the company had incurred increased costs on hamburger meat, it opted to increase other products, such as fish sandwiches, for competitive reasons. The investigation resulted in rollback of the products increased and the company did not raise hamburger prices.

Brighton Beach Baths

This was the first case of a refund being made in the Region (10/6/71).

Buffalo

City of Buffalo Water Rates

A Phase I and Phase II violation case involving increases on fixed water rates for 80,000 people amounting to \$400,000. The case file is presently with the AUSA.

Burlington

Case Name - Stratton Corporation

Control Number - Unknown

District Location - Burlington, Vermont

This case involved a well-known ski area at Stratton Mountain, Vermont, and originated from several complaints received during the early part of Phase II. Examination revealed violations in price increases with insufficient cost justification. The Justice Department went before the Vermont District Court to seek a Temporary Restraining Order in November 1972. This was denied by the judge, but he did order the company to keep a record of the names and addresses of all purchasers of season tickets, establish an escrow account and deposit 7.5% of all revenues from ticket sales in other categories, and post signs where tickets were sold advising purchasers of the Government's challenge to the prices being charged. The case has not been heard in court as of this date. It was one of the few cases involving prices to reach court level, and the decision of the judge mentioned above was quite unique.

Hartford

St. Francis Hospital

As a result of this locally initiated investigation, the hospital and ESP officials agreed upon a refund of over \$500,000 to 9,400 patients. This was the first hospital rollback in the region and set the standard for future hospital rollbacks.

American Can Company

In Re-Manufacture of Metal Cans - In what IRS, National Office, has termed the "classic ESP investigation", a team of agents, acting at the request of the Price Commission, audited American Can's pricing policies. As a result of this audit, the Price Commission reduced the company's proposed price increase from 4.3 to 2.9 percent. This resulted in a \$14 million reduction in anticipated revenue.

NA-171

Begin your message at this side guide

Facsimile Message - Continuation Sheet

Page 3 of 4 Pages

Meredith Printing Company and Local 47 International Typographical Union

This investigation, which is currently in litigation by the Justice Department (U. S. v Meredith Printing, et al), resulted in notices of violations being issued to both the company for paying excessive wage increases and to the union for receiving such payments. Although not a large case in terms of dollars, it sets a far reaching precedent in the wage area by going after both the payor and recipient.

Manhattan

Nehring Brothers, Inc.

Nehring Brothers, Inc. is a realty management firm located in Manhattan which owns and operates numerous properties. On October 10, 1972, the United States Attorney filed suit against Nehring Brothers, Inc., for civil penalties in the amount of \$230,000. The complaint charged violations of the rent regulations of the Economic Stabilization Program and, in addition to the civil penalties, sought rollbacks to tenants which exceed \$400,000. Also cited in the complaint order are five other defendants who use Nehring Brothers, Inc. for management services.

The court order stipulated that the corporation be enjoined from charging increased rents for apartments under their ownership or management in excess of highest rents charged during the base period, July 1, 1971 - August 14, 1971. Further stipulation required proper notice to tenants, proper record keeping and records and lease particulars relating to vacancy decontrolled apartments.

Varsity Bus Company and Others

Varsity Bus Company and several other school bus transportation companies negotiated a new contract with the New York City Board of Education in the spring of 1971 calling for an increase in the school bus rate effective September 1971. Their threat to terminate school bus service during Phase I made national headlines and drew broad attention to the Program. We successfully rolled back their proposed price increase for Phase I. Because of the change in the definition of "transaction" they were successful in obtaining a raise in Phase II.

A & P Corporation

This was an intensive investigation of the largest retail food organization in the country in which the primary issue was item by item vs. category pricing method.

NA 561

Begin your
message at
this side guide

Fascicolo Ciccaga - Continuation Sheet

Page 4 of 4 Pages

Triborough Bridge and Tunnel Authority Tolls

The City of New York and Triborough Bridge and Tunnel Authority desired to increase tolls in order to obtain revenues for keeping fares on N. Y. C. subways at a low level. The issue of increased tolls was hotly debated in the press until it was resolved that such toll increases were forbidden during the freeze.

Pearl River Board of Education

In this matter the State Supreme Court refused to issue an order requested by the Teachers Association that wages established in a collective bargaining agreement be paid although these wages violated the freeze. The United States Attorney appeared amicus curiae in this case.

MA-713
Facsimile
Message

Begin your
message at this
side guide

To: Acting Chief, Program Information Br.		Date
Attn: National Office	S:P:I	3-19-73
From: Acting ARC (Stabilization)	Response by:	Response Date
Mid-Atlantic Region S:RJT	☐ Fax ☐ Mail ☐ Telephone	
Subject: Phase I and II Records	Priority	Signature
Control Schedule		David Tollasa

Pursuant to your fax message NOB-1481, a total of 10 cases (to include all related case files) have been identified for retention in the National Archives. A summary of each case is shown below:

Baltimore District Office

1. The Great Atlantic and Pacific Tea Company and the Amalgamated Meat Cutters and Butcher Workmen of North America, Union Local Number 117, Baltimore, Maryland

This case, filed by both the union and the A&P Food Stores, was the first court case of the Pay Board Regulations designed to enforce the Economic Stabilization Program. In summation, the court said that the Pay Board Regulations that made the wage ceiling applicable to all new labor agreements after November 14, 1971, were unconstitutional and was not arbitrarily applied to the local union. The hearings were held on April 6, 1972, and on April 19, 1972. The court found both parties clearly in violation of the Economic Stabilization Act and fined them \$2,500 each. The court also stated that although A&P had admitted its guilt and had agreed before the hearing to adhere to the Pay Board's 7 percent markup, the food store chain and the local union were still in fault for ignoring the Pay Board Regulations.

2. Green Meadows Apartments, Baltimore, Maryland

This rent investigation was identified because of the imposition of administrative sanctions. This investigation was originated by the "Rent Watch" program initiated by the National Office on October 2, 1972. The purpose was to ascertain whether Green Meadow Apartments improperly increased rents in violation of the Rent Regulations in anticipation of the October 1, 1972, increase in Social Security Benefits. Two hundred and twelve violations were cited and it was recommended that administrative penalties in the amount of \$17,281 be imposed. As a result of a conference held with the Appeals Representative, the landlord agreed to roll-back all overcharges and a payment of \$2,500 was made as full payment of all administrative sanctions.

Newark District Office

3. GINO TARTAMELLA, Elizabeth, New Jersey (Control Nos.: 22-047153 and 22-08686)

The landlord, owner of a four unit apartment house, increased rents during the freeze period and threatened the tenants with eviction upon failure to pay the illegal rents, in violation of the Economic Stabilization Act of 1970 and the Executive Order. The Government filed a complaint in the U.S. District Court and obtained an Injunctive Order restraining the landlord from charging or receiving rents higher than the rents charged during the period ending August 16, 1971 and from attempting to evict any of the tenants for refusal to pay rents in excess of the frozen rents.

The case was the first rent case in our District in which the Government sought and obtained an Injunctive Order for a violation during the freeze period. The case received National publicity in the news and TV media. Court action in the case was terminated on the basis of stipulations filed by the attorney for the landlord.

4. John J. Brunatti, et al, d/b/a Brookchester Apartments, New Milford, N.J.
Control No.: 22-079693

The investigation of the Brookchester complex was initiated on the basis of complaints received from tenants, the tenants association and complaints forwarded to our office by Senator Clifford P. Case and Congressman Henry Helatooki.

The Brookchester complex consists of 1750 units owned by the heirs of Joseph J. Brunatti, deceased.

The initial investigation covered the 1310 units owned by John J. Brunatti, Joanne Tose and Frank J. Fiore. This investigation disclosed 31 violations involving excess payments by tenants over the base rents during the freeze period. During the pendency of this investigation, the Commissioner authorized the investigating agent to testify in the eviction proceedings in the Bergen County District Court.

The investigation of the 440 units owned by Lucille Costa disclosed violations during the freeze period and during Phase II.

Separate complaints were filed in the United States District Court against the Brunatti, et al and against Costa charging them with violations of the Economic Stabilization Act of 1970, as amended and the Regulations promulgated under the Act. The Complaints sought a Mandatory Injunction against the landlords and the assessment of civil penalties for each violation.

The Government has obtained a Preliminary Injunction against Lucille Costa. The litigation involving the entire complex is still pending in the United States District Court.

The litigation in the State and Federal Courts has received considerable publicity in the press.

Note: In Brookchester, Inc. vs. Matthews, 119 N.J. 565, the Bergen County District Court held that it has jurisdiction to review the landlord's acts to determine compliance with the Executive Order and the Economic Stabilization Act of 1970.

Philadelphia District Office

5. The Delaware Valley Apartment Owners Association started suit against the United States to enjoin them from enforcing Section 301.208 Economic Stabilization Regulations. Many other apartment house owners joined the suit. The Temporary Emergency Court of Appeals of the United States affirmed the judgement of the Federal District Court which was for the defendant, the United States.

Pittsburgh District Office

6. Three groups of cases concerning retroactive pay for Phase I wages were filed en masse; namely, the Steelworker's Package which consisted of approximately 50 cases, the School Teacher's Package which consisted of approximately 55 cases and another union package which consisted of about 35 cases. Eventually all of the retroactive requests were approved by the Pay Board.

Richmond District Office7. Ethyl Corporation - Form S-45 No. SCI-3, Form S-66 No. 54-12

Tier I firm examination employing team audit concept resulting in \$100,683 refund to 332 customers. This was an outstanding audit plan. Final report and work papers should be preserved as evidence of quality stabilization team audit.

8. Drug Fair, Inc. - Form S-45, No. SCI-4, Form S-66, No. 54-15

Examination of large Tier I drug chain which involved agreement to determine prices on an item by item basis instead of a category basis.

Item-by-item basis vs. category basis had been a serious area of contention at this time. This agreement to determine prices on an item-by-item basis set an important precedent.

Wilmington District Office

9. Involves first injunctive action under Phase II rent regulations. IRS secured a temporary restraining order in District Court on 12/15/71, suspending all rental increases pending an allowance on a request for exception which was subsequently granted on 10/27/72.

10. Montross Park

Involves first and possibly only escrow agreement on large rental case plus it gives a clear example on the processing of exemption requests during the freeze period. Finally, the case involved a suit initiated by the tenants.

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THE DAILY OKLAHOMAN
OKLAHOMA CITY, OKLAHOMA
March 14, 1973

Nursing Home Hit By Refund Order

An El Reno nursing home was ordered Monday to reimburse three individuals and a state agency for charges made in excess of federal price controls in a U.S. District Court ruling which could affect more than 400 state nursing homes.

U.S. Dist. Judge Luther H. Eubanks ordered the Lou-Len Manor, Inc., to pay three persons and the State Department of Institutions, Social and Rehabilitative Services \$25 per patient for overcharges made from Oct. 1 to Nov. 17, 1971, during Phase I of the economic stabilization period.

Some 44 patients in the nursing home at that time were receiving welfare benefits from the state agency.

Asst. U.S. Dist. Atty. Glynn L. Adams said the ruling could affect most of the nursing homes in the state which provide care for welfare patients.

Many of the institutions charged more than the federal regulations allowed for care during the 43-day period, he said.

"There will definitely be more litigation," Adams said, adding he didn't know when it might begin.

Judge Eubanks' order stipulated that Lou-Len Manor refund any amounts in excess of the federally set base rate of \$325 per month charged to the patients during the 43-day period.

The order specified that restitution is to be made within 30 days from March.

Continued on Page 2, Col. D

Nursing Home Told to Pay

Continued From Page One

12.

It further specified that the nursing home would grant the state welfare agency permission to withhold the amount of the overcharge made during the questioned period from subsequent payments.

"This is the first such case in the country dealing with nursing homes," Adams said. In effect, he said, the ruling means that price violations committed during Phases I and II of the economic stabilization period are not going to be excused.

"And all state nursing homes which had welfare

patients at that time were in violation of the economic controls act," he said.

A ruling by the Federal Price Commission in Washington, D.C., requested by L. E. Rader, state director of public welfare, approved the increased payments for nursing home care subsequent to Nov. 13, 1971.

Subject to that ruling, Adams said, the increased payments and charges became legal after that date, so only payments made during the previously mentioned 43-day period are in violation of federal law.

Facsimile
Message

To: Chief, Program Information Branch
National Office SEP:I

Date

MAR 16 1973

ID No:

1-3

From: ASSTG AIR (Identification)
Midwest Region

Response by:

☐ Fax

☐ Mail

☐ Telephone

Response Date

Subject Phase I and II Records
Control Schedule

Priority

Signature

Michael J. Murphy

Begin your
message at this
side guide

In response to your facsimile message NOB 1481, dated March 6, 1973, attached is a list of cases we have selected for your consideration and evaluation of their archival value. A short summary of each case is provided for your information.

Attachment

SUMMARY

CASE NAME: Hy Vee Food Stores, Inc.

Control Number: 42-5

District: Des Moines, Iowa

This case originated as a complaint which indicated the manager of a store had changed base price books. Investigation disclosed this to be so. Manager was fired - company disgorged excess profits to the market place.

CASE NAME: Chicago Black Hawks

Control Number: N.O. 171

District: Chicago, Illinois

Case originated as a complaint on the increase of programs from \$.60 to \$.75. Government obtained injunction against increase - case sent to court - company fined approximately \$20,000 - company appealed.

CASE NAME: Tester Corp.

Control Number: 36-31

District: Chicago, Illinois

Investigation initiated as a result of complaint filed by small boy who wrote the President of the U. S. indicating price had increased on model airplane glue from \$.15 to \$.19. Investigation disclosed increases were not cost justified - case settled with AUSA by company agreeing to roll back \$300,000.

CASE NAME: Meuleners, Norbert

Control Number: N. O. 216

District: St. Paul, Minn.

Rent Case. Citizen filed complaint - landlord attempted to evict - Government was granted injunction - landlord took further retaliatory action in the form of cutting off electricity, etc. Sheriff enforced injunction against further retaliatory actions.

CASE NAME: Daniel Glosky
d/b/a Fox Bay Realty

Control Number: 39-27

District: Milwaukee, Wisc.

Individual specializes in slum housing. Has evicting many people who complained because of rent increases. Government received a permanent injunction against retaliatory evictions.

CASE NAME: Blue Cross/Blue Shield of
Kansas City

Control Number: 43-4

District: St. Louis, Missouri

First insurance case to be tried in the U.S. Consent agreement signed where company will roll back or refund approximately \$400,000.

CASE NAME: Electrical Workers of
Kansas City (Local 124)

Control Number: N.O. Appeal 743800515

District: St. Louis, Missouri

Suit challenges validity of Economic Stabilization Program. Government prevailed.

CASE NAME: Jerry Kaye Ford - Kansas City

Control Number: 43-55

District: St. Louis, Missouri

Phase I posting violation case where dealer failed to post car prices. Settlement was made by payment of \$1,250 fine. Case indicated the Stabilization Act was enforced through courts.

MN-605
3-3

SUMMARY

CASE NAME: State of Missouri
(Missouri Judges)
Control Number: 43-70
District: St. Louis, Missouri

This pay case was a test ^{*whether*} ~~where~~ State law prevailed over Federal law. Violation notices were served on the Governor personally and the Attorney General's Office. Received much publicity.

CASE NAME: