

November 19, 1991

ALABAMA CDBG INTERGOVERNMENTAL
POLICY NUMBER 4
(Revised)

TO: All CDBG Grantees

FROM: Don C. Hines, Ph.D., Chief
Planning and Economic Development

LIQUIDATED DAMAGES

The Alabama Department of Economic and Community Affairs, at HUD's direction, has developed a policy and procedure for the resolution of Liquidated Damages.

Liquidated damages for the purpose of this policy letter are limited to those penalties (\$10.00 per person, per day, per violation) that may or may not be imposed for violation (s) of the Contract Work Hours and Safety Standards Act-overtime pay requirements.

Violations of the Contract Work Hours and Safety Standards Act result not only in the payment of unpaid wages for the overtime worked but in "liquidated damages" due to the United States in the sum of \$10.00 per person, per day, for each violation. Intentional violations are a Federal misdemeanor, punishable for each and every offense by a fine of not more than \$1,000 or by imprisonment for not more than (6) months, or both. Violations may also be grounds for termination of contract.

Once a violation is observed or discovered, please forward a copy of the payroll that either should have contained the overtime or that has incorrect wages in behalf of overtime to the ADECA, Attention: Labor Standards Specialist. The payroll (s) should be accompanied by a letter of explanation from the grantee. This letter should contain the grantee's contract number as it appears on the contract between the locality and the ADECA, the number of the applicable wage determination, and an explanation regarding the nature of the violation (s). The ADECA will advise you of any additional information we may need and of additional steps necessary for the resolution of the violation (s).

Effective date: Reissued November 19, 1991