THE LOOPHOLES: claims like these cost railroads $55 million a year: Subsidized Motherhood

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...continued to collect through 1960. In all, three are still drawing benefits. And a footnote: Shipments looted were valued at $50,000. Upon conviction, the defendants were fined $100 each and received one-year sentences—which were suspended.

- This employee was discharged for robbery (convicted in 1959, fined $100 and sentence suspended). He began drawing unemployment benefits immediately and will collect a total of $2,101.20 before benefits are exhausted.

- Here’s an employee with total railroad service of 14 months, in which he earned $4,290.84. He was discharged for just cause—“false statement”—and since then has drawn $2,767.80 in unemployment benefits. It happened this way: After discharge Nov. 22, 1957, he drew benefits totaling $810 between Nov. 25 and April 26, 1958. On July 2, 1958, the start of a new benefit year, he began drawing again and got $1,105 through Jan. 26, 1959. Then—under the legislative amendments of 1959, he was awarded $213.20 retroactively. And finally, he applied for temporary benefits under the 1959 amendments and got $639.20 for the period Feb. 2, 1959, through May 10, 1959.

- Men may be discharged for Rule G violations—but they’re sober enough when it comes time to collect unemployment benefits. In 1959-60, the account paid $746,410 to claimants discharged or suspended for observing the rule in the breach.

Quitting Can Be Fun!

A veteran clerical employee resigned back in 1956 to “enter real estate business.” Unemployment benefit collections amounted to $1,105 based on 1955 earnings, another $1,105 on 1956 earnings—for a total $2,210, all received after voluntarily quitting the railroad business.

- A laborer worked four months, earned $896.08 and quit. Subsequently, he drew that same amount in unemployment insurance benefits—while he was roaming around in four western states.

- A clerk voluntarily quit in 1957 because she “didn’t like the job.” But she drew $1,040 in unemployment benefits between Nov. 15, 1957, and May 29, 1958, and then got another $175.50 between July 1 and July 20, 1958.

- A telegraph operator who quit—without notice—July 3, 1959, went on to draw unemployment benefits totaling $1,229.81 between Nov. 4, 1959, and July 6, 1960.

- Many others leave the same record behind. A section laborer quit in July 1959 and moved back to his home state. He got $1,274.88 in benefits. A yardman quit in August 1959. He drew $1,167.39 in benefits through May 12, 1960.

Double Indemnity

An employee, over 65 years of age and entitled to an annuity under Railway Retirement, was laid off Oct. 22, 1955. He requested his annuity effective March 1, 1956—and collected $975 in unemployment benefits in the interim.

- This employee had just 114 months’ service—six short of the minimum required for a Railroad Retirement annuity—when he left the service in December 1957. From Jan. 3, 1958, to March 26, 1958, he drew $875.93 in unemployment benefits. Then he was awarded a Social Security annuity retroactive to January 1957 and $551.87 of the $875.93 paid him under the RUIA was recovered. But—he went on to be employed in outside industry from July 1958 until October 9, 1958, when he was injured. This, remember, was 10 months after his last railroad service. He then began claiming sickness benefits (based on 1957 railroad earnings) and through June 30, 1959, he collected $1,225—the difference between his Social Security annuity and his entitlement under the Railroad Unemployment Insurance Act.

‘There is A Limit’

Here’s a claimant who filed for and received unemployment insurance benefits while he was employed by outside industry. Amount of the fraudulent claims was determined to be $1,260—$260 under his total benefit entitlement of $1,520. Claimant was convicted and served 60 days in jail. On the day after his release—which was beyond the 75-day period of disqualification for making fraudulent statements—he began filing for unemployment benefits and, under the law, collected the remaining $260.

- A railroader, deeply in debt, pleaded guilty to accepting six unemployment benefit checks while he was actually holding a job in outside industry. His attorney pleaded for mercy for his client—father of one child, with another on the way; sole support of the family; no previous record. Restitution of $600 had been made. But the judge was quoted this way: “This is not the first time we have been through this. We’ve had a number of similar violations in recent weeks. . . . The court is human and is sympathetic—but there is a limit the court can go . . . . If sympathy is to rule the court, then we are in trouble. And there is no sense in having any courts. . . . A judge must remember that the mercy he gives is not his own, but that of society—the community. And the whole theory of criminal law is punishment to deter others.” Sentence: 59 days in prison, $100 fine.

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