

Legislative History for Connecticut Act

HB 2100	PA 882	1967
House	3614-3623	(10)
Senate	2403-2415	(13)
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CONNECTICUT
GENERAL ASSEMBLY
HOUSE

PROCEEDINGS
1967

VOL. 12
PART 8

3268 - 3812

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REP. STRADA - 156th.

Through you, Mr. Speaker, this is correct.

REP. CAIRNS - 72nd.

I have some doubts about the explanation given by the gentleman reporting the bill. I think what the real point of this is that, last week we passed a bill creating a new department of collection, under the Commissioner of Finance and Control, in which section will be concentrated the recovery of normal funds due the state for welfare and institutional matters, in this we go along with it in being one of the collections handled by the this new collection agency.

MR. SPEAKER:

Will you remark further on the bill? If not, the question is on acceptance and passage of the bill as amended by House Amendment Schedule "A". All those in favor will say aye? Opposed? The bill is passed.

THE CLERK:

Calendar No. 898. Substitute for H.B. No. 2100. An Act concerning the Licensing and Regulation of Debt Adjusters. Favorable report Committee on General Law. (File No. 1038).

REP. WEBBER - 113th.

I move acceptance of the J.C. favorable report and passage of the bill.

MR. SPEAKER:

Question is on acceptance and passage. Will you remark?

REP. WEBBER - 113th.

This is another wonderful piece of legislation, amongst many that are going to come out of the General Law Committee, directed to protect the consumers, so to speak, in our state. This bill will, as it reads, regulate under strict control these debt counseling and debt adjustment agencies, which have caused a tremendous amount of problems in our state in the past few years. Under the terms of this bill they will be under the strict regulation of our "banking commissioner" and will operate in accordance with a bill that was worded in my opinion, at least, very well

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written, and I think will meet the satisfaction of all concerned. 87
It's a good bill and I think it's somewhat long overdue and I dem
hope it passes.

REP. RATCHFORD - 167th.

In reading this bill, I read it through several times, it is the best drafted document that we've considered this session, and I think, Mr. Speaker, that this is not a bill that will get tomorrow morning's headlines, but it is a bill that will be another step forward. Another step taken forward in 1967 for the protection of the Connecticut consumer. Especially those in the "lower income" class, and Mr. Speaker, this is a bill that is "technical" in nature and I think this Assembly should know, the details of this particular bill because it will become important to them and to the people of this state, therefore, I am virtually going to go through it, section by section. First of all, in Section 1, there is a definition which is significant it defines "debt adjustment". Debt adjustment means receiving for fee or compensation and as an agent of the debtor. Money, for the purpose of distributing such money, or evidence thereof among creditors for full or partial payment, now therefore we are setting out the people whom we are regulating, the debt adjustor and we are defining the people in that category. Section 2, provides first step of the detailed restrictive procedure we are establishing under this bill. To become a debt adjustor, a person which can be either an individual, a partnership or a corporation, would have to be licensed and to become licensed that particular person, or partnership, or corporation would have to make application to the Banking Commissioner and would have to set forth on that application, detailed information pertaining to the nature of the business, the people involved and more significantly submit a certified financial statement as to the financial status of the corporation or partnership or person. With the submission of this application there also shall be submitted a licensing fee of one hundred dollars. No. 1 and No. 2, an investigation fee of fifty dollars. Now, together with that and we are now moving to page

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2, under item B. The person who would purpost to enter into this 88
business, will also have to file a copy of the proposed contract dem
that he wishes to use to conduct this business. Now, why is
this significant? Frequently, in the past, there has been no
written contract and No. 2, the contracts that have been used
have been monstrosity's at that. Under Section B, we will re-
quire that the firm designate the "banking commissioner" as the
agent for receiving the service of legal papers, now why is this
important? Many of these operations have been "fly by night" in
nature, they have been people who have come in from out of state,
incorporated, collected money, pocketed the money, left the state
or gone bankrupt. Therefore, by designating the Commissioner as
the agent for receiving legal papers, we have a definite, des-
ignated person in the state, upon whom legal papers can be served.
Under Section E, on page 2, the application will also set forth,
not only the corporation but if it isn't a corporation or partner-
ship, the individual is involved, so that we will be able to keep
a close and detailed record of the persons who are engaging in
this particubr type of business. Now, under Section 3, and this
in my judgement is extremely significant, we are going to require
that a bond, of a least ten thousand dollars, be posted on the
part of the firm that proposes to enter into this business. The
thousand dollars, Mr. Speaker, no "fly by night" operation is
going to come in when you are talking about that size bond, and
further, Mr. Speaker, in Section 3, if the Commissioner deems fit
he can require a bond which is larger in amount than ten thousand
dollars. Now, what is the effect of this bond? Moving now to
page 3, of the bill, this bond in effect is a "performance" bond.
It's a guranteed, one to the debtor ^{of} and two to the creditor and
in the case of the debtor he gives funds to this particular firm
that there is a bond behind it, so that if the firm should leave
state, the bond is backing up the money that the debtor has put
in, and to the creditor we are saying that funds are available,
if this firm goes out of business or leaves the state. Section 4,
on page three, shows the nature of the investigation which must

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be conducted prior to the issuance of a license for debt adjust-
 or service and look at what we are requiring there. There will
 be an investigation into (1) Financial responsibility (2) Ex-
 perience. (3) Character. (4) General fitness. (5). Exact
 office location. (6) The nature of the operation of the bus-
 iness, with a stress on fairness and honesty. (7) A complete
 investigation into the background of the "officers and direct-
 ors", seeing to it that none of them have been convicted of any
 crime involving moral turpitude and just as significant, that
 none of these persons have had a record of being in default on
 payments, including the discharge of debts nor have they gone
 into bankruptcy. No, Section (5) on Page (3), requires an
 annual renewal of this application, so we are not licensing these
 people and setting them free. We are saying to the Commissioner
 after you license them, check the man annually and require that
 they submit a financial statement annually. Section (6), is the
 reasons why a debt adjustor once in business could have his or
 it's license revoked or suspended or refused for conviction of a
 crime for violating any provisions of this Act, for fraud or
 deceit in procuring the license required under this Act, for
 maintaining a continuous course of unfairness conduct and fin-
 ally insolvency, filing of bankruptcy, going into receivership
 or assigning debts for the benefits of a creditor. So, for all
 of these reasons, Mr. Speaker, this firm once in operation could
 have it's license revoked or suspended. Now, we go to the con-
 tract between the debtor and the debt adjustment service. First
 of all, it must be a written contract and a copy of that contract
 must be turned over to the debtor. This is significant because
 in the past, poor people walked in off the street, thinking that
 they were going to save themselves money by going through this
 type of service, and have walked out with considerable less mon-
 ey in their pockets but no saving as far as their creditors are
 concerned. This contract shall set forth a full list of the de-
 btors obligations to be adjusted. A complete list of the credit-
 ors holding such obligations and very, very important the total

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charges agreed upon for the services of the debt adjustment service, so that the debtor who walks in off the street, is going to know exactly what is required of him, number one, and just as significantly what he is going to have to pay for the service. We will require of such a firm, once it is in operation, the keeping of a detailed set of books, which books shall be preserved for a least seven years, so that when the Commissioner wishes to check, he has not only the years books but books for his seven year period of time, and we require of the Commissioner that he examine the books of such a firm at least once a year. Again, another check, on people in the past, quite frankly have lived off the blood of the poor. In Section (11) on Page 5, states the fee shall be agreed to in advance and stated in the contract, so a person entering into such an agreement will know how, in writing, exactly what he is paying for these services. Now, when we go to Section (11) b,c,d, on Page 5 of the bill, we therein restrict the fees that these firms can receive. The fee is set up on a sliding percentage basis, depending upon the duration of the service to be rendered and anyone wishing to check the exact percentage can check Section (C), it's set forth in detail there, it goes from a ten month period for a period through twenty four months. Now in Section d, this too is significant in that we say to the debtor, that if you are in a position where you can prepay your debts in advance of the term of the contract, if you prepay your debts, the amount of the fee which you have to pay to the debt adjustment service can be reduced. So, we are encouraging and providing incentive to the debtor for paying his debts in advance to the contract period of time, we are saying to the debtor if you do so, the fee you have to pay the adjustment service, is going to be greatly reduced. Continuing to page (6) of the bill, we require in Section (b) which is line 1, after line 15, we go down to 15 and then pick up on line 1,b, that the firm shall not contract with the person unless there has been a thorough analysis of the financial situation of the debtor and an assurance that the debtor can at least meet the

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requirements indicated by the budget analysis, now what it is the significance of this? Too frequently these firms have taken people, who would be better off in bankruptcy and instead of recommending bankruptcy had said to them we can solve your problems. Then they take twenty or twenty five per cent of the money deposited as a fee and when they finish taking the fee, the people have then had to go into bankruptcy after paying that fee to the debt adjustment service. By putting in this requirement, we are forcing these people to say that they will examine the fiscal conditions of the individual and if they don't warrant that debt adjustment, they won't recommend it and we have the assurance of the investigatory powers of the Commissioner to see to it that this is carried out. Section (13) states that there will be no bonus" for referring a debtor, from one firm to another, what has happened in the past, a firm will adjust the debt of an individual for a certain period of time, find out that they just can't make it and say to him - we know another debt adjustment service which could solve your problem - they then refer the person to that firm, that firm picks up a bonus, the poor debtor pays twice and his creditor is left holding the bag. So Section (13) disallows any bonus's for referring a debtor, from one firm to another. Section (15), exempts certain persons or institutions from the operation of this Act. Primarily, we are referring to legitimate banking and financial institutions to title company's to company's doring escrow business or to non-profit religious fraternal or co-operative organizations and agencies which are offering this type of service, unfortunately, in this day and age there are not many non-profit institutions offering this type of service. Finally, Mr. Speaker, we get down to Section (18), and we say to these people, we're going to license you, we're going to inspect you, we're going to require fiscal statements from you, we're going to require written contracts, we're going to limit your fees, we're going to cut out your bonus's, but more important, No. (1) of Section (a) of Section (18), if you don't get a license and you engage in this

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business you can be fined up to one thousand dollars or prison for not more than one year or both for each violation and each day could be a separate violation, so we're saying to some one who is going into this business, don't go in without getting a license or you can be fined up to a thousand dollars or in prison not more than one year or both and secondly, each Act of debt adjustment that you enter into, on a separate day could be a separate violation. So you are in real trouble if you don't get licensed. We say further to the person who is licensed, that if he violates any of the sections of this Act, that he can be fined up to a thousand dollars for the first offense and for any subsequent offense, the fine can be up to a thousand dollars and there also is an imprisonment section of not less than 30 days nor more than one year. Now, I've gone through this in detail because, I think it's worth taking this information back home. I would commend again the Committee and especially the persons who worked on the drafting of this bill, it's extremely tight, it does the job, it's the type of legislation that should be passed. Mr. Speaker, too many in this business are today in effect living on the "life blood" of the poor. This restrictive corrective legislation which we adopt today, will drive out the "leeches" who have gotten fat on the financial life blood of the poor. I urge adoption of this corrective, long overdue legislation.

REP. DOWD OF THE 125DISTRICT IN THE CHAIR

REP. GILLIES - 75th.

I simply want to endorse the support of this bill, I think it's one of the best bills that has come out of this session. I put in a bill or recommend a bill of this nature when I first came up here, this session and I am very pleased with what has come out of the committee . In this day and age when people are encouraged to enter into contracts and over extend themselves to such a degree, where they are encouraged to overwrite their checking accounts daily and it does'nt matter for we will cover your account for you. More and more there is a need for this

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type of service, but unfortunately up to now it has been an unregulated service and on occasion it has been indicated the debtor has been put in a position, worse than when he started. I have represented a particular client who was making regular payments on her automobile and she went into one of these debt adjustment situations and before she was done she was no longer making regular payments on her automobile, they had repossessed that unbeknownst to her, this was supposed to have been paid and was not. The adjustment company had made their fee and she was in far worse condition than when she started. I think it's an excellent bill. I think it shows responsible legislation on the part of we people up here and I commend it to your vote.

REP. COHN - 9th.

As a business man, and as a freshman legislator and serving on the "General Law" committee, I've been guided on many cases by the wisdom of the more experienced legislators and members of the General Law Committee. We have had difference of opinions on many issues, but the final agreement on bills that have been received on favorable action ultimately will result in good legislation for the state of Connecticut. This will be a credit to each of us, members of this legislature and but more important, to each of us and to our family's and residents of this great state. Substitute H.B. No. 2100, Mr. Speaker, is a major piece of legislation by the General Law Committee as has already been stated. It is a bill creating new legislation in important area. I personally wish to add my acknowledgement to the work of the Chairman of this Committee, Representative Webber, and to my colleagues on the Committee for the amount of work and the type of legislation we are offering at this time. I'm proud to have served on this Committee and I support the bill.

REP. CAIRNES - 72nd.

I listened with great interest to the explanation from the gentleman from the 167th, and it sounded to me, as though we are licensing, ^{and} providing all sorts of barriers to insure proper contract of people he referred to as "leechers" in the most

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favorable term. I question is why we are doing this at all, why we just don't outlaw this type of operation?

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REP. RATCHFORD - 167th.

Through you, Mr. Speaker, we have been informed and the Committee has been informed, ^{providing} that it is the feeling on the part of those who are legitimately ~~previne~~ financial advice to the poor, that this type of service can be beneficial, if it is conducted properly. It's only in the area where they're making exorbitant fees and bonus's, that we need to curb it and we feel in view of the strength and nature of this bill that no one can operate under it illegitimately.

REP. WEBBER - 113th.

Speaking for the second time, my limited command of the English language, which does not permit me to tell you the language that I would like, how wonderfully fine, clear the dissertation presented to us by Assistant Minority Leader, I beg your pardon, Majority Leader appeared to me. He did a tremendous job on this bill and I am sure you all understand the contents, details and it's intent and I want to congratulate him publicly and thank him from the very bottom of my heart, Mr. Ratchford, ^{for your} thank you so much ~~for~~ fine explanation, I appreciate it.

REP. PLATT - 121st.

I wonder if I could ask a question of the gentleman from the 167th? ^{want to commend him on this bill} I too, the thought comes to me that it is so tight that probably the people in the business now, will not be able to qualify. I wonder how many people there are in this business at the present time?

REP. WEBBER - 113th.

Mr. Speaker, through you, answer. There are approximately to my knowledge, 12 or 14 of these agency's in our state and to answer the second or the first part of his question, as to how many can qualify, I would only say let the chip's fall where they may. If they cannot qualify, they just can not stay in this kind of business and we hope that the those who cannot qualify, will just leave our state.

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REP. CIARLONE - 106th.

I do not wish to belabor this discussion here, however I do wish to rise in support of this bill. This bill certainly would be beneficial to those people who can least afford to have advantage taken of them. It's a good bill and I think we should pass it.

MR. SPEAKER:

Are there any further remarks? If not, the question is on acceptance of the committee's favorable report and passage of the bill. All those in favor signify by saying aye. Opposed? The bill is passed.

THE CLERK:

Calendar No. 912. Substitute for S.B. No. 1331. An Act concerning Acquisition of Land for State Highways. (File No. 900)

REP. LAFLEUR - 55th.

I move acceptance of the committee's favorable report and passage of the bill in concurrence with the senate.

MR. SPEAKER:

Question is on acceptance and passage. Will you remark?

REP. LAFLEUR - 55th.

The Clerk has a House Amendment and I wish he would read it.

THE CLERK:

House Amendment Schedule "A" offered by Mr. La Fleur of the 55th District. In Section 1, line 4, strike out "maintenance." In said Section 1, line 5, after word "highway" insert " or for a highway maintenance storage area or garage. In said section 1, line 9, strike out the word "maintenance". In said section 1, line 10, strike out the word "maintenance" and insert "highway maintenance storage area or garage". In said section 1, line 21, after word "maintenace" insert "storage area or garage".

REP. LAFLEUR - 55th.

This Amendment clarifys the intent and the Act so that it will read including the words "storage and garage" in the Act as far as maintenance end of it. I move the adoption of the Amendment.

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GEN. ASSEMBLY
SENATE

PROCEEDINGS

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PART 5

3035-7530

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THE CLERK:

Page 4, calendar 1137, file 981, substitute HB 4305. An Act concerning Unfair Insurance Practices. Favorable report of the Joint Committee on Insurance.

SENATOR MARCUS:

Mr. President, I move the acceptance of the committee's favorable report and the passage of the bill. The bill is self-explanatory.

THE CHAIR:

Further remarks? If not, the question is on passage of the bill. All those in favor will signify by saying Aye. AYE. Opposed? The bill is passed.

THE CLERK:

Calendar 1140, file 974, substitute HB 5244, An Act concerning the Reinstatement of the New Britain Hunting and Fishing Club, Inc. Favorable report of the Joint Committee on Incorporations.

SENATOR HICKEY:

Mr. President, I move acceptance of the committee's favorable report and passage of the bill. This bill simply allows the corporation until December 31, 1967 to be reinstated by the secretary of state's office.

THE CHAIR:

All those in favor of the passage of this bill, signify by saying Aye. AYE. Opposed? The bill is passed.

THE CLERK:

Calendar 1234, file 1038, substitute HB 2100, An Act

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concerning the Licensing and Regulation of Debt Adjusters. Favorable report of the Joint Committee on General Law. The Clerk has an amendment.

SENATOR HAMMER:

Mr. President, will the Clerk please read the amendment?

THE CLERK:

Strike out all after the enacting clause and insert in lieu thereof the following: Any person except an attorney or corporation organized under the laws of this state for charitable purposes who engages in the practice of receiving for a fee as compensation as the agent of a debtor money or evidence thereof for the purpose of distributing the money or the evidence thereof among creditors in full or partial payment of obligations of the debtor shall be fined not more than one thousand dollars for each violation or imprisoned for not more than one year or both.

SENATOR HAMMER:

This amendment, Mr. President, would strike down this proposed law which is the bill before us on our calendar which would seek to regulate the odious practice of debt pooling, so-called. This so-called debt pooling or the business known as debt adjusting is a system which preys on the people in our society who are least able to cope with such a system--the uneducated, the feckless, the individual who because of economic circumstances or inability to cope with our society, becomes enmeshed in a web of debt. They are commonly "rescued" from their plight by one of these groups which charges them for the

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privilege at an exorbitant rate of interest and indulge in other practices in relation to the creditors of this unfortunate person who has these debts, which are a little less than straightforward. This bill would, of course, regulate this business. It would, in other words, give this type of activity a respectability and a permanence which, it seems to me, is most inadvisable to do and which, if it is done, it will then be very, very hard to remove this sort of thing from the midst of our society.

I read you from Representative Roy Hill in the Congress who said, "As long ago as 1956 Virginia decided that the debt adjusting business defies regulation and must be outlawed." I agree with him. Twenty-one states have outlawed debt pooling including the progressive states of New England: Maine, Massachusetts; New York, Pennsylvania, New York, New Jersey, and a number of others, of which Hawaii is the latest, numbering twenty-one.

Mr. President, members of the circle, I urge that you accept this amendment and put an end to this wretched practice in the State of Connecticut.

THE CHAIR:

Will you speak on the amendment? The Senator from the Eleventh.

SENATOR MARCUS:

Mr. President, it is with a great deal of regret that I rise to oppose the amendment. I believe I was the first one

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of all those serving in the current session that introduced a bill to outlaw debt pooling. I agree with the lady from the Twelfth. I think it is a vicious practice; I think it does prey on the poor, and I do think, in fact, it should be outlawed. However, I think at this late date to think in terms of amending this bill and then to hope to come out with any bill at all would be really an impossible and impractical situation. This being the case, Mr. President, I intend to oppose the amendment and support the bill. I would hope that the regulation of this industry, if we can call it such, will at least bring attention to the problem and, hopefully, if this does not work out, two years from now we can enact legislation which will correct it.

THE CHAIR:

The Senator from the Eighth.

SENATOR BARNES:

Mr. President, so that there will be no doubt as to what is being debated, the effect of this amendment, as Senator Hammer has indicated, would be to outlaw debt pooling in the State of Connecticut. We in the minority have weighed very heavily the arguments advanced by the distinguished Majority Leader, namely, that some regulation is better than none, and that there is a chance that at this late date the amendment having to go to the House, could fail. In spite of this, we wish to urge adoption of the amendment because of the fear that if this vicious practice is once regulated, it's going to be just that much more difficult to outlaw two years hence.

The facts are that many other states, and more significantly,

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the states in the heavily populated, industrialized northeast section of the country have seen fit to outlaw debt pooling. The facts are also that under Chapter 13 of the Bankruptcy Act, a wage earner's plan can be implemented under the jurisdiction of the bankruptcy court with regulated fees and with all of the protections that go with the formality of the bankruptcy act. The debt poolers really have precious little to offer people who are in these desperate straits. They often represent that they can hold creditors off. In point of fact, they can't. They are totally unable to protect people from individual creditors, and individual creditors can, and often do, throw them into bankruptcy after they have paid a substantial fee to the debt pooler.

I would urge adoption of this amendment, Mr. President, not only because I think it's the right thing to do in the long run, namely, to outlaw the debt poolers in this state, but having in mind also the lateness of this session, I still feel that it would be better to have no regulation at all and to wait another two years and outlaw them then than to regulate them now, give them official standing and official status in this state, which I fear would make it infinitely more difficult to outlaw them two years hence. I urge adoption of this amendment which would outlaw debt pooling.

THE CHAIR:

Will you remark further? The Senator from the Twelfth.

SENATOR HAMMER:

Mr. President, in regard to the Majority Leader's remarks

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about the lateness of the hour, I don't feel it's too late at all. If we pass this amendment, it will go down to the House under disagreeing action. It will be already double-starred. There will be no problem at all if the Majority Leader's own party is willing to take it up. I have sounded out some of the sentiment in the House. This bill for regulation was passed rather quickly down there and the sentiment was voiced by a number of representatives from both sides of the aisle that if they had a chance to vote on the bill before them to outlaw debt pooling rather than regulate it, they would go for the outlawing. I don't think there would be a problem there, if I have any sense of the feeling in the House. There are things going on every minute here. Bills are being recommitted that shouldn't be downstairs and then being recalled. It's not a bit too late, Mr. President, I urge acceptance of this amendment.

THE CHAIR:

Would you remark further? The Senator from the First.

SENATOR FAULISO:

Mr. President, I have listened attentively to the previous speakers and I must say that as CoChairman of the General Law Committee, I reflected and meditated long on this particular subject matter. This particular bills and other related bills attracted much attention. As a matter of fact, I think it occupied most of the day and there are two concepts: one, strong regulation; and secondly, abolition.

I must confess that originally I thought that abolition would be the necessary thing to do. However, after much delibera-

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tion, I came to the conclusion that there are scoundrels and cheats in every sphere of activity, whether it be legal profession, in other professions, other businesses, other enterprises. But we must remember also that there are honest people who are trying to do a decent and honest job. In my opinion, there are many operators--if I may term them as such--who are rendering a service. Debt pooling has been abused, but because there has been abuse, it doesn't follow as a conclusion that we must eliminate debt pooling. I think with the strong regulations that exist in this particular bill--and I don't think our committee could have conceived any regulations that could be stronger: the posting of a ten thousand dollar bond, the licensing, the frequent examinations made by the banking commissioner, the inspections and examinations and audits of books, the penalty for lack of license, which is up to one thousand dollars or a year in jail or both, or for the violation of any provision up to one thousand dollars and thirty days in jail for the first offense or one year. Now, these are very serious penalties, and I realize that there may be honest difference of opinion, and I can appreciate the arguments of those who differ with me at this moment. They say that abolition is essential and necessary because there have been many abuses in the past. But I say to you, for every scoundrel that exists, I am sure that we can multiply that by many numbers of people who are honest and want to do an honest job. It is because of that concept, having faith in our people in industry and in business that I

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finally concluded that it would be best to subscribe to the principle of strong regulation. These are not provisions that coddle this particular enterprise or business. These are regulations, if you will read them carefully, that are strong in every respect, and not one can escape compliance with these provisions. I say to you that if they can survive these regulations, then they should stay in business.

It also provides that any person may seek the assistance and aid of voluntary agencies that exist in our communities so that if there are agencies, legal aid particularly, a debtor may go to a legal aid society or any other voluntary agency that exists for that purpose. It also prohibits the practice of law. If a debt adjuster is engaged in any respect in the practice of law, he certainly would be subject to penalty, not only the subject of penalty but the full weight of the law.

I say to you, ladies and gentlemen of the circle, that in every respect we have considered the problem carefully with great consideration. We paid particular heed to the fact that there are twenty-one states that have abolished debt pooling and we are also mindful of the fact that there are eleven states that have strong regulations.

It may develop that two years hence it may be that something has gone wrong. It may be that this concept must be changed to the concept of abolition, but I do think that we ought to give the honest man a chance to operate decently within the framework of these strong regulations. Therefore, I would urge defeat of this amendment.

THE CHAIR:

Are there further remarks? The Senator from the Eighth.

SENATOR BARNES:

Mr. President, members of the circle, having talked with the very able Senator from the First on this matter, I know he has wrestled with this at great length. It's not often that I disagree with him, but I do on this.

Very little, if any, social purpose has been advanced in favor of the concept of the debt pooling. Let me emphasize commercial debt pooling because the amendment would exempt charitable organizations that are engaged in debt pooling. So very little social purpose has been advanced for the legitimacy of this. As I mentioned before, it's already available under Chapter of of the Bankruptcy Law. This being the case, Mr. President, why embark the state on a complicated and perhaps expensive, regulatory course for an industry--if you want to call it that and dignify it by that name--that has very little, if any, redeeming social significance.

Senator Marcus himself called it a vicious practice, a practice that preys on the poor. There have been abuses and the abuses far, far outweigh any advantages that have come from perhaps those few debt poolers who operate honestly. It does seem, Mr. President, to be remiss that no matter how carefully drawn this may be to impose upon the State of Connecticut the burden of regulating an industry such as this. Other states very comparable to Connecticut have seen fit to outlaw it. I think we should take that step now, and it's not too late in

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the day to do it.

Mr. President, I would move that the vote, when taken, be by roll call.

THE CHAIR:

The question is on adoption of the amendment. Will you remark further on the amendment? If there are no further remarks, a motion to roll call has been put. All those in favor of a roll call, please raise your hand. Mr. Clerk, will you please make a count? A roll call has been ordered on the Senate amendment proposed by the Senator from the Twelfth on HB 2100.

SENATOR HAMMER:

Mr. President,

THE CHAIR:

Senator from the Twelfth, for what purpose do you rise?

SENATOR HAMMER:

Mr. President, while we are waiting may I address a question to the Senator from the First District?

THE CHAIR:

Is it on the amendment?

SENATOR HAMMER:

Yes, Mr. President.

THE CHAIR:

A roll call has been ordered.

SENATOR HAMMER:

Does that mean that we can't..

THE CHAIR:

The debate has been shut off because the roll call having

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been ordered, I'm afraid I'll have to rule you out of order, Senator from the Twelfth--regretfully.

A roll call has been ordered. Will all the Senators please return to their seats? Senator from the Eighth, for what purpose do you rise?

SENATOR BARNES:

Mr. President, in view of the fact that some have just returned to the circle, may I request you, sir, to explain what the vote on the amendment will mean?

THE CHAIR:

The roll call will be on the vote of the Senate amendment offered by the Senator from the Twelfth on substitute for HB 2100, An Act concerning the Licensing and Regulation of Debt Adjusters.

The roll call vote will be on the amendment. The Clerk will please call the roll.

THE CLERK:

Senator Fauliso	- NO	Senator Barlow	- NO
Senator Burke	- NO	Senator Barry	- NO
Senator Jackson	- NO	Senator Amenta	- NO
Senator Alfano	- Absent	Senator Barnes	- YES
Senator Tracy	- NO	Senator Piccolo	- Absent
Senator Marcus	- NO	Senator Hammer	- YES
Senator Miller	- Absent	Senator Schaffer	- NO
Senator Verriker	- NO	Senator Tansley	- NO
Senator Buckley	- NO	Senator Palmer	- NO
Senator Stanley	- NO	Senator Janovic	- NO

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Senator Gunther	-	YES	Senator Lyddy	-	NO
Senator Caldwell	-	NO	Senator Hull	-	YES
Senator Pope	-	YES	Senator Lupton	-	Absent
Senator Hickey	-	NO	Senator Rudolf	-	YES
Senator Ferland	-	NO	Senator Minetto	-	YES
Senator Dinielli	-	NO	Senator Ives	-	YES
Senator pickett	-	NO	Senator Barbato	-	NO
Senator Repko	-	YES	Senator Finney	-	YES

THE CHAIR:

Kindly give your attention to the Clerk. He will announce the result of the roll call on the amendment.

THE CLERK:

Whole number voting - 32; necessary for passage - 17; those voting YEA - 10; those voting NAY - 22; absent and not voting - 4.

THE CHAIR:

In the opinion of the Chair, the amendment is lost. The Senator from the First.

SENATOR FAULISO:

Mr. President, I move acceptance of the committee's favorable report and passage of the bill.

THE CHAIR:

The question is on passage of the bill. Will you remark on the bill?

SENATOR FAULISO:

Mr. President, I think there has been sufficient discussion.

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I urge passage of the bill.

THE CHAIR:

If there are no further remarks on the bill, the question is on passage. All those in favor, signify by saying Aye.

AYE. Opposed? The bill is passed.

THE CLERK:

Page 5, calendar 1270, file 1147, substitute HB 4036, An Act concerning the Control of Air Pollution.

SENATOR MARCUS:

Mr. President, this is a bill that we discussed and enacted several hours ago. There seems to be some question about whether or not we enacted the bill with House Amendment "A". It was the intention of the motion, made by myself, to enact the bill with House Amendment "A".

The statement is simply made for the record, Mr. President, to relieve the minds of those who are concerned about it.

THE CHAIR:

Thank you, Senator from the Eleventh. We will proceed with business on the calendar.

THE CLERK:

Page 6, calendar 1388, file 1255, modified HB 5066. An Act Providing the Election of Members of the Board of Education of Regional School District Nine. Favorable report of the Joint Committee on Education.

SENATOR SCHAFFER:

Mr. President, I move acceptance of the joint committee's favorable report and passage of the bill. This bill provides a

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P. M. SESSION

Sub-Committee #5

Representative Webber, Presiding

Members Present: Senators Barlow and
Lyddy
Representatives Avcollie,
Cohn, Neiditz. O'Neill

Rep. Webber: Good afternoon, ladies and gentlemen. I am Representative Webber of the 113th District of New Haven, the House Chairman of the General Law Committee. On my right is Representative Avcollie of the Committee, and on the 'phone is Representative Neiditz of the Committee.

The subject matter this afternoon relates to debt pooling. I think we ought to go in the order that these bills are printed, and hear first those in favor of Senate Bill 848.

S. B. No. 848 AN ACT CONCERNING DEBT POOLING.

Miss Matchko: Mr. Chairman, Members of the Committee: My name is Madeline Matchko, Political Education Coordinator for the State Labor Council, A.F.L.-C.I.O.

I'd like to - I'm appearing in support of ⁸⁴⁸845 (sic), and H. B. 2100, if I may, which is the regulating -

Rep. Avcollie: Is it ⁸⁴⁸845 now, or is it 848?

Miss Matchko: 848, and H. B. 12 - 2100. Although we favor out-lawing debt pooling in the State of Connecticut over the principle of regulation provided in H. B. 2100, however, if this practice is to be accepted, it is to be strongly regulated.

The abuses of debt pooling, or pro-rating,

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Mr. Parker:
(con't.)

only New England state that has not outlawed debt pooling. The file of the six, actually seven, legal agencies represented on my Committee across the state, and these are major cities, have numerous cases of abuses, of imposition on poor people, of fraud, practiced by this group of private businesses, the debt poolers.

These cases have been collected by the Unauthorized Practice of Law Committee of the Junior Bar Section of the Connecticut Bar Association. If it will be helpful to the Committee, they can be furnished to the Committee. I think you're familiar - the testimony you've had - perhaps the other testimony that you will have, of the type of thing that this legislation is directed against. Thank you.

Rep. Webber:

Thank you very much. Representative Vicino?

Rep. Vicino:

Representative Vicino, speaking in favor of Bill 848. Mr. Chairman and Committee Members: I received a handful of calls from constituents in my District, and usually a handful results in the feelings of scores of the people in the District. They are in favor of Bill 848.

To be very brief, I personally am in favor of it, and I feel that - and I'm not very familiar with the mechanics of this - although I feel that the philosophy behind this will give the individual entering into this type of pooling of debts financial security. So I hope you will consider giving a favorable report on this bill. Thank you very much.

Mr. Bardick:

My name is R. J. Bardick, Deputy Bank Commissioner. I have a statement to submit in behalf of Commissioner Hewes, registering in favor of 848, and opposed to 2100.

Rep. Webber:

Thank you.

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- Prof. Morris: Thank you for the opportunity to be heard on H. B. (sic) 848. I'm Chairman of the Legislative Committee of the Connecticut Consumers Association and Professor of Economics at Connecticut College.
- Rep. Webber: Would you please give your name and address?
- Prof. Morris: Ruby T. Morris, 8 Winchester Road, New London, Connecticut. I support H. B. (sic) 848, which out-laws debt pooling, although if this proves not feasible, would welcome H. B. 2100, which seeks to regulate it.

Our membership includes an attorney, Herbert Lane, who gave me a specific case, which indicates the type of abuse to which debt pooling leads. A person with many small debts - a person of low income - harassed almost beyond endurance - was led to go to a firm which represented itself as taking care of all his problems at one fell swoop.

He did so, listing all of his debts, the firm undertaking to make all of his payments, and he would simply make a single payment to the debt pooler. The result was that his total payments were considerably augmented, that the credit to - in essence, the fee - to the debt pooler, inordinately high. Whenever he made his remittance to the debt pooler, the debt pooler got his pay off the top of the remittance. Whereas his own, the debt pooler's payment to the numerous creditors, were not carried out as scheduled.

They were frequently delayed. They often involved negotiation with the legitimate creditors, with a view to scaling down their price, as it were. The net result of this operation was that the unfortunate original debtor constantly had to dun his debt pooler. He himself, having no rights against his original creditors - they were not affected by an agreement between him and the debt pooler - he was constantly dunned as hitherto, as previous to the debt pooler's appearance on the scene - he was constantly dunned by his original creditors. The net result was

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Prof. Morris: unfortunate, from the point of view of this
 (con't.) poor, debt-ridden individual.

The abuse is probably not a major one in our society. Most people handle their own remittances. The very people who need help most, who run into the most consumer credit, who are the least sophisticated in financial matters, are exactly the people who need help in out-lawing this kind of intermediary.

I think it is no secret that the bank and finance companies that are the original creditors of many poor individuals would really, behind the scenes, be delighted, to see the debt pooler go. Because they, themselves, suffer. They are getting the second-hand remittance, whatever the debt pooler chooses to allocate. And, although no financial institution wishes to attack a colleague institution, you will not find major banks and major financial institutions assailing the debt pooler, behind the scenes there is a great deal of recognition on the part of legitimate lenders that they have much to gain by the elimination of these intermediaries who are taking the cream off the credit pile.

Therefore, we of our organization hope to see 848 passed, and in its - as it has been outlawed in 22 states of the Union, and hope very much for the support of this Committee: Thank you.

Rep. Webber: Thank you. We're hearing those in favor
 of 848. Those opposed to 848.

Mr. Smith: Mr. Chairman, may we speak on both 848 and
 2100 at the same time?

Rep. Webber: Oh yes. I might point out that, because
 there are only three bills here dealing
 with the same stuff, those of you who do
 come to desk can speak to all of the bills,
 because they do relate to the same subject.
 But stick to the subject, please. Thank you.

Mr. Smith: Mr. Chairman, Members of the General Law

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Mr. Smith:
(con't.)

Committee:

Rep. Webber:

Now, you look like a young, strong, healthy individual, will you talk louder, please?

Mr. Smith:

Fine.

Rep. Webber:

Not so much for the microphone, but for those who are sitting around you.

Mr. Smith:

Okay. My name is Wilbur G. Smith of Hartford, Director of Consumer Education and Protection, and it is an economic opportunity program in the City of Hartford. And I am speaking in favor of S. B. 848, and 2100, which call both for the prohibition of debt pooling agencies and the regulation of them.

The question before this Committee might well be, "How does one ask to prohibit something, while at the same time, calling for its regulation?" There are those of us who work with and for, and live among those who fall in the category of needing assistance with their many debts, recognize many facts. Facts which put us in a position of "damned if we do - damned if we don't." We're damned if we do because of the fact that many of us who have detected abuses by these agencies, many times find ourselves not able to afford not nearly enough services to replace them.

If this were not so, a reasonable argument might very well be that we can publicize our charges of our free or minimum services enough so that business for profit of the debt poolers would fall of their own weight. It stands to reason that a person in business to make money will find it very hard indeed to compete with one offering the same services for less, or free of charge.

I find my own agency's position one of struggling for survival. Its very first year, because of a drastic cut-back in federal poverty funds, with the Congress presently vacillating with the President's request for more. Again we find our position to be one of depending upon that body within

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Mr. Smith:
(con't.)

which you service, to financially assist us to reach those who must depend on these agencies to solve their financial problems.

I would submit to you that your deliberations upon these bills must rest upon you individually and collectively in your collective deliberations and decisions upon and on the financial aid to poverty program's bills.

We're damned if we don't because of the fact that many of us, through experience, have detected abuses from some agencies, which abuses cry out for prohibition, in doing so, it cannot be termed a "witch-hunt", as cases, for example, are available from many sources.

Now I submit to you, and to your records of this Committee, a prime example of which I speak. This example which came to Consumer Education and Protection, had to do with a young family who had gone to a local firm for assistance. And because of the one-year term of the limitation of the account, the time came for a renewal of the contract. And a renewal contract was drawn up for this family for a total of \$555.00 as a balance, which they would owe.

The young man did not agree, but this renewal contract was sent in the mail and signed by his wife, while he was at work. When he returned, he questioned the amount, because originally the amount - the debt - started out being something like approximately \$1200.00. He had receipts on hand, which he had kept diligently, which proved that he had paid in over \$1,000.00, so he wondered where the \$555.00 had come from.

In returning to the debt pooling agency, there was some dispute as to the balance of the account. After some negotiation with this young man and the agency, it was dropped to approximately \$376.00, and a renewal contract was drawn up for this purpose.

However, this young man was still unsatisfied.

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Mr. Smith:
(con't.)

He came to our agency and two of our field workers went with him, with his receipts. We took his receipts, we totalled them up, and we found a missing \$56.00 somewhere that we had not accounted for.

In going back to the agency, after deliberations and negotiations with this agency, we got them to drop the balance of this man's account to \$276.00. The missing \$56.00 was found being held by this agency because it was an overpayment of the one year's contract. Well now, the third renewal contract carried a new balance, and also carried the \$56.00.

This young man did not want to continue with this agency, and consequently would not sign the third renewal contract. We did refund some \$43.00 to \$46.00 of this man's money. But, what not only riled myself as a person, but the fact that they were keeping \$11.34 for services rendered. The services rendered were on the mistakes which they had made.

Now the aspect of this was that they were, I think until the other day, threatened with a court suit. We are not certain at this point whether they have agreed to return the balance of this man's money. By the way, the man is out of debt. We referred him to a Credit Union which he was eligible for, and he is out of his debts.

I would like to continue that now that there are some who believe that proponents and opponents of these bills might cause a stalemate on them within the Legislature. Now I for one do not believe that the vast majority of the members of the Legislature will let a thing pass by them without taking firm action. As the advertising by many of these agencies imply and infer many guarantees of the selling of debts, they should not be allowed freedom of promising not - anything - that's not part of a written contract. They should not be allowed to advertise without

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Mr. Smith:
(con't.)

stating the amount of fees for services. And lastly, they're advertising a written contract - should make it explicitly clear to the user that they do not lend money, nor guarantee forestalling of legal action against their clients.

I call your attention, an editorial of last evening's Hartford Times, which related the fact that although some reputable debt pooling firms may exist, unhappy experiences with them have led eleven states to regulate them, and twenty-one states to out-law them.

Therefore, prohibiting them en masse, in all good conscience, is tantamount to destroying the good with the bad. On the other hand, to regulate them - to weakly regulate them, rather - would reflect a weakness of our legislative machinery. Should we become the twenty-second state to prohibit these agencies, then the challenge is ours, and yours, to strengthen and expand our own efforts to assist those who are debt-ridden.

I will gladly accept that challenge, and with God's help, and yours, we will succeed. Should we become the twelfth state to regulate them, then let us strive to be the greatest among them. In conclusion, I offer to your thoughts, that a game of chess resulting in stalemate means only that the two opposing kings are left standing, but the horses and men of both kings are dead. Should the latter be reached, the end result would be a disservice to the people of this great state. Thank you.

Rep. Webber:

Mr. Smith, did you study 2100?

Mr. Smith:

I did, as much as I can understand it. I wouldn't sign a contract with them unless I had an attorney look over it then.

Rep. Webber:

Well, may I suggest to you, Mr. Smith, that you do take the time to study this bill.

Mr. Smith:

I'm in error. We have studied the bill.

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Rep. Webber: Do you have any suggestions to make to strengthen it?

Mr. Smith: At this point what we would like to do is - I don't have a copy that was all marked up. It is not marked up. Is it possible that we may send in our recommendations?

Rep. Webber: Yes, thank you. Incidentally, that goes for everyone in this room. You're invited to send in briefs or recommendations, or any notations whatsoever, relating to these bills. If in the first instance, you might have forgotten to say something when you've come to the microphone, or if you think about something after you leave us. Representative Cohen. Thank you, Mr. Smith.

Dr. Cohen: Doctor Morris Cohen of the 41st. I rise to speak in favor of Mr. Webber's bill, HR 2100, licensing and regulating the debt adjustment industry.

This bill contains stringent regulations, as it should. It provides amongst other things:

1. A license and investigation fee.
2. Approval by the Commissioner of Banking of the contract between the debtor and the debt adjuster.
3. A bond of not less than \$10,000 - but more if the Commissioner so determines.
4. A thorough investigation of the character and fitness of applicants, including credit reports, is required before issuance of a license.
5. Licenses are renewable annually.
6. All complaints against any licensee are to be investigated by the Commissioner, who may revoke or suspend the license for enumerated reasons.
7. A separate bank account is required for the benefit of the debtors.
8. The Commissioner may examine without notice any licensee at the licensee's expense.

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Dr. Cohen:
(con't.)

9. The fees are fixed by statute and consent of at least 50% of the creditors is required.

These are just some of the regulator provisions of Mr. Webber's bill.

The need for services of professional debt counseling is too well recognized to be expounded on.

Certainly there have been abuses. The stringent regulation contained in this bill will be a vehicle to curb the abuses while permitting a needed service to continue.

I hope you vote favorable on Mr. Webber's bill. Thank you.

Rep. Webber:

Are there any other Legislators here? If not, we'll continue to talk on 2100, or as a matter of fact, any of the others.

Mr. Tucker:

Mr. Chairman, I am Robert Tucker, President, Florence Virtue Homes Cooperative, New Haven. And I would like to go on record in support of Senate Bill 848, and would like to emphatically reiterate Mr. Parker's suggestion that the bill read, "other than an attorney or non-profit corporation."

In our opinion, debt poolers serve no useful purpose. The use of a debt pooler increases the indebtedness of the consumer because of the fee charge, and does not guarantee full relief from indebtedness, or from garnishment or suit.

Persons being served by debt poolers lose control of their money, but are nevertheless liable for payment. Few of them know how much is being paid to their creditors, and few of them know how much the debt pooler is charging for his services. Again, we feel that the debt pooler serves no useful purpose, and that their existence towards the intents of a reputable firm, profit and non-profit,

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Mr. Tucker: to deal fairly with the over-extended debtor, (con't.) and the debtor's attempts to re-build his credit standings.

We urge you to support S. B. 848. We are in agreement, in principle, with both bills regulating debt poolers, but we feel that attempts to regulate them might be too difficult, and might be ineffective. And that the effects of the debt pooler as it stands now, are detrimental to - especially low-income people - and all others who use his services. Thank you very much.

Mr. Yudkin: Mr. Chairman, Members of the Committee: I'm Harold Yudkin. I'm Chairman of the Legislative Committee of the New Haven County Bar Association.

Our Association believes wholeheartedly that there should be a regulation of the debt pooling agencies. We would like to know that the debt pooling agents are not practicing law. We would like the public to know that they are not practicing banking. And we would like the public to be protected, whenever they cease using these services, by not having one additional debt, as this almost always occurs when these people can no longer make their payments through the pool. We hope that you will do something to license the occupation this year.

Rep. Webber: Then you speak in - you and the New Haven County Bar Association are in favor of the philosophy of 2100?

Mr. Yudkin: Yes we are.

Rep. Neiditz: And not in favor of 848?

Mr. Yudkin: Well, I cannot say that. We're in favor of a philosophy of regulating the whole debt pooling arrangement.

Rep. Neiditz: But against prohibiting it?

Mr. Yudkin: We are against prohibiting it.

Rep. Webber: Thank you very much.

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Mr. Allen: Is it in order to speak to 2100, Mr. Chairman? Mr. Chairman, Members of the Committee: My name is Samuel Allen. I'm Executive Director of the Milford Chamber of Commerce.

The Milford Chamber of Commerce is on record in favor of House Bill 2100, calling for the regulation of debt pooling in this state. We have looked over 2100 and 4602, and we feel that 2100 is the far superior bill. There's wording in there that seems to make it a little stronger bill than 4602.

However, before going into that, I would like to call the Committee's attention - and maybe you're aware of it - that you start in with Section 1, and Section 2, and then, maybe it's a printing error, they jumped - I don't know if Section 3 was left out - but they jumped from 2 to 4. You see, it goes 1, 2, 4, and so forth - that error to the Committee's attention.

Rep. Webber: Walter, did you hear that comment? Did you hear the comment of this gentleman - that Section 3 of this bill of this bill was omitted? Now, whether or not that was just a mistake in printing, or whether a paragraph was actually omitted, would you make a note of that and check into it?

Mr. Galuska: Yes, I'll be glad to.

Mr. Allen: On Page 8, Mr. Chairman and Members of the Committee, reference is made to organizations which would be privileged to indulge in debt adjusting. I would call the Committee's attention to the fact that the Bridgeport Chamber of Commerce is already engaged in this, and they're running such a service at no charge. It is not run for just their own members. It is run by anybody who comes to them looking for help.

They are, of course, getting into a situation where they find it necessary to institute a nominal charge to cover the cost of administering this service. Not with the thought in mind of making a profit - but administering

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Mr. Allen:
(con't.)

the service. So, it would seem that if you're going to go for Senate Bill 848 that Chambers of Commerce and other organizations along the line mentioned here, but more broadly defining, should be included in 848.

With regard to 2100 - people who have spoken before me have then cited the fact that it provides for bonding, it provides for the examination of the licensee, it provides for renewal of license on an annual basis; it also prohibits the debt pooling firms from indulging in unjust, or deceitful or misleading advertising. We feel that it is rendering a service which is needed, therefore we favor 2100.

We also favor 2100 because of another item. In going back to page 6, on Section D, "the licensee shall be entitled to a cancellation charge which is five per cent". In 4602, that fee, that charge, is listed as twenty-five per cent. I don't know if that was a typographical error or not. But certainly the five per cent fee is more reasonable and more just.

Rep. Webber:

Where did you say that was?

Mr. Allen:

On Page 6 of 2100, under Section D. Now, under the same section, comparable section of 4602, 4602 lists this figure at twenty-five per cent. There's quite a difference there. So this is our opinion, Mr. Chairman, and we wish to go on record in support of 2100. And again I would say that if 848 is going to be "it", we would ask that organizations like the Bridgeport of - Chamber of Commerce - the wording of it be amended so as to provide that they can run the service at a nominal charge, or at no charge if they're able to do that. Thank you.

Rep. Webber:

Thank you very much. Do you have any questions - any members of the Committee? Thank you, sir. We're talking on 2100, or any matters relating to debt pooling

Mr. Grossman:

My name is Herbert Grossman, and I'm the General Counsel for the Bond Investment

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Mr. Grossman:
(con't.)

Corporation, which is the owner of a number of debt adjusting firms, including the ones operating in the state.

I've been with the corporation - I left the Economic Development Administration last October. I came with them because I personally believe, very strongly that this is an industry that must be allowed to exist.

Don't look at the abuses. The abuses are there. We handle - I'm not apologizing for the abuses. My job is - I'm on the 'phone - in six or seven states. Every time I get a call, I try to straighten it out. We have a very prominent attorney in Connecticut. We have never fought anyone in a court. I might add that we have never sued anybody on a contract. But, I do not deny the abuses. I tell you that we want to clear this up. If you cannot look at this thing - you cannot look at this industry because of its abuses, and judge it on its abuses only, because Mr. Webber's bill takes care of the abuses. This would make debt pro-ration the most regulated industry in the state. There is no phase of our operation that would not be regulated.

The contract is regulated. How could there be abuses of it? Every investigation would be regulated by the Bank Commission. Do you think we would want this? So, I would point out to you that - by taking all the abuses - and certainly there have been. I've heard these people speak. And everything - every time they mention, "we did this," the amount of money involved is not - it was \$11.00 in one case I remember, and \$30.00 or \$40.00 in the other - had they been brought attention of management, they would have been immediately been cleared up.

But you have to remember that debt - our companies alone in Connecticut - are handling thousands of people a year. And certainly, in any business, inequities are going to spring up. We are sorry they exist. You

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Mr. Grossman:
(con't.)

give us these regulations - the inequities will be taken care of.

The second thing I would like to point out is the need - the need for this industry. It is very seldom, it seems to me, that you can get a bill where there is substantial agreement the Department of Labor and the Chamber of Commerce. I just heard the Chamber of Commerce say that they go on record in favor of the bill, that they recognize the need for it.

The U. S. Department of Labor, the Bureau of Labor Statistics, did an exhaustive study on two occasions, and have put out two pamphlets for consumer groups. One is labelled, "Brief Summary of the State Laws Prohibiting or Regulating Debt Pooling," and the second one is called, "Garnishment and Debt Pooling in Relation to Consumer Indebtedness." Both of these, again, were done after serious study. Neither of them were particularly slanted against us - again this was the Department of Labor.

However, both of them come to exactly the same conclusion. On Page 4 of one, "If honestly operated these agencies (discussing our type of agency) can perform a real service for persons deeply and much in debt." Page 4 of the other one, "If honestly operated such agencies can perform a real service for persons deeply enmeshed in debt." This is from the Department of Labor, prepared for a consumer group.

Mr. Webber's bill assures you the honest operation. The need is there. The service is needed - it is desparately needed. If it is honestly operated, why then abolish it?

One of the things that keeps being brought out is that you're abolished in twenty, and regulated in eleven, and therefore this seems that two-thirds of the states have taken an objective view of the situation, and therefore the chances are two out of three that you should be abolished.

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Mr. Grossman:
(con't.)

But there's more to it than that. I want you to - if you could look at a certain fact. You have heard from the opposition to this, who is against - I mean - from your experience in legislatures - I ran for the legislature in Minnesota, certainly there is a correlation between legislation that is passed in certain states, and effort that goes forth to pass it.

So what happens in state after state? You heard it here. Who is the group - who do you think is pumping money in to beat us? With the Bar Association - how do they put it - the personal finance companies - they didn't call it the "small loan companies", because, you know, that has some negative overtones - so the personal finance companies.

So what happens? I'm the first person - none of our companies have been strong enough - I mean - our company is the giant of the field, and we have forty companies, forty offices altogether, in the last couple of years. And so finally they have been able to retain me, basically to go around plumping for this stringent legislation.

And now suddenly because I am here, and I think mainly through my efforts - and not only because I'm here and through my efforts - a little - but because the industry's getting bigger, we have seen a little change this year. And I'll give you a day-by-day of what's happening.

But the reason you have twenty banned, you go to one or two states, there may be one or two pro-raters - these small loan companies are tremendously powerful. They just push through and get rid of it. Now this year we have started a concerted effort to get regulation, because I believe our industry will either disappear from the face of the earth, or it will be regulated. And I believe in the regulation.

I'll tell you what's been happening in - I think it's six states I've been operating.

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Mr. Grossman:
(con't.)

In the State of Washington, there is presently today a bill which is very close to yours, which is very close to the Colorado law, on the Governor's - we worked to get this through and on the Governor's desk, awaiting signature.

In the State of Iowa - now these are every state I'm involved in. In the State of Iowa, the Attorney General was a fine - well, a very fine fellow named Larry Scalise, who was - got a name for himself in consumer protection. He actually brought a suit against our company, over some aspects of our operation.

That's what - my first job was to go over to Iowa, and discuss the job with Mr. Scalise. We sat down, we looked at the industry, we looked at what we were doing. We entered a consent agreement that we would change certain of our advertising. I spoke to Mr. Scalise yesterday. He is really working to put the bill through Iowa, regulating the industry. There is no bill to abolish in Iowa. The bill to regulate is before both the House and Senate in Iowa.

In Indiana, we had a tremendous hassle there. We tried desparately to get regulation through. It was reported out of the Committee two days before the session ended, but we couldn't get the regulation through there - in Indiana.

In Maryland, the regulation -

Was it abolished in Indiana?

No, it's open still. There is not one state that I have worked in - there may be others that I don't know about - that's been abolished in. The only other state that I know about - Maryland - I spoke before the Committee yesterday - the same Committee has the one to abolish and to regulate. We think it'll be a stand-off there.

So, when you say it's "twenty to eleven", it

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Mr. Grossman:
(con't.)

sounds like the trend is towards abolition. And it's not. I think the trend today will be to regulate. And if you abolish, I think you will be the only state this year, and I say this in all honesty.

There's so much - I live this thing - I live it day by day. I walk in, and I hear my firm, my industry just - I sat before a Maryland Legislative Committee - a Committee of about fifteen, which four people of that Committee had introduced bills to abolish us. And I was the only spokesman. And when I listened to them speak, very few of them had studied it. This is a thing that I feel very strongly about. As I listened to the people opposed to our industry, how many - you know, who is opposed to it?

Let's go through them one by one. You know, the Bar Association is against it. I ask their representative - he is here - Have you ever asked any of us to appear before you? The Bar Association that I know of, has never asked any of us to appear before it to justify it. No group opposed to us have ever done this.

I could go on for days. I have a press release - I won't read it to you. Let me end up with just one thought. If you abolish this industry - now - as I see the thing, we are an infant industry, but I see the economics of our time, and this is my own independent thought about it. There has been a constant struggle between the debtors and the creditors. And this goes back to prehistoric, and certainly in Biblical days, and it goes on today. And I don't know if any of you heard Sam Irwin's - Senator Irwin's speech - the tremendous conformity of America. The computers have come in - the machines have come in - and the way you're getting your credit rating from the day of birth. If it happened 20 years ago and you didn't pay your bills, what would happen? Your neighbors might not like you, maybe you'd have to escape the bill collector. And this is very serious.

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Mr. Grossman:
(con't.)

Not to most of us sitting here, but it's very serious. Today you have - your credit rating is with you. You're given a number on about seven different computers - the government has a giant one. I know one office in Detroit, I just happened to read about it - has about three million of them. You go to get a job today, you're given a number - the average person today, I'd say about 30% of them, their credit rating is checked. Right?

It's not only that they want credit, but their whole future is tied up with the credit rating. Well, all right, you have all these tremendous bosses working on behalf of the creditors. And they're there. You know they - you have the speakers for the abolition, and they look you straight in the eye and I know they're sincere - I know they're honest. But when they look you straight in the eye and they tell you "Well, the reason the small loan companies are out to abolish us is because we are interested in the well-being of the borrowers." We have never brought a person into a debt adjustment company. The people who bring them in are the small loan companies. They're brought in by the creditors.

And I say this, that what this little industry represents - 20 years from now - is the only group around that has the paid professional people whose whole interest is beholden only to the debtor. They will be paid by the debtor. They will become experts in this, and this is what we're asking for, and by God, it'll reach a point where our computers will speak to their computers. Somebody has got to represent the debtor, and I think in this infant industry, with all its abuses, let them flourish, you will have a tremendous voice for debtors under our profit system.

Rep. Webber: You make your point very clear.

Mr. Grossman: Thank you very much for your time. I would love to answer questions.

Rep. O'Neill: How many offices do you have in Connecticut?

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- Mr. Grossman: What is it - five? Five. Thank you very much.
- Rep. O'Neill: O'Neill of the Committee: The question I have is there seems to be some question that this is the practice of law. Are you a lawyer?
- Mr. Grossman: Yes.
- Rep. O'Neill: Well, I would say - what is your view about the practice -
- Mr. Grossman: I would say - no. First of all, a case went before the Supreme Court. I was not happy with the decision. It was the case of Scrupa vs. the United States, and it was to discuss the whole industry. The case held that the states had the right to regulate it. Now, per se, if it was the practice of law - let's assume it was the practice of law. We could have said, "Well, this is the practice of law." If it were the practice of law, we wouldn't have to regulate it - you wouldn't have to abolish us. If it was the practice of law, we are breaking the law. If this was so, we would have been out long ago, not only in Connecticut, but in every regulated state. Therefore, it is not the practice of law.
- I could go on at great length. Why is more than a collection agencies?
- Rep. Webber: Please don't go on at great length.
- Mr. Grossman: I hope you agree. Here's some of my ideas on the thing. I hope you would read it, and thank you very much.
- Rep. Webber: I'm only standing up to stretch. The Legislators who are here - suppose we hear from them.
- Rep. Morgan: My name is Lorenzo Morgan, Representative of the 8th Assembly District of Hartford. I rise to speak in favor of Representative Webber's bill - House Bill 2100. I do so, knowing that in the past, the debt adjustment industry has had its share of complaints.

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Rep. Morgan:
(con't.)

That's true. Mr. Wilbur's bill solves its problems.

Rep. Webber:

Webber - I don't mind if you call me Mr. Wilbur -

Rep. Morgan:

Webber - well, today's St. Patrick's day. All complaints must be investigated, and revocation and suspense of a license is provided for. Fees are regulated, bonds, that is, contracts must be approved, bonding will prevent dishonesty. Investigation will keep out undesirables.

But, I speak for the bill, not because industry must exist, but because a need must be served. With credit on the rise, with people being pressured to buy, with so many things being available to be purchased on credit, we have reached a point where more than 25% of American families are paying more than one-third of their income, simply to pay debts. And industry paid fees by debtors dedicated to the education of the debtor. Beholden only to the debtor for its existence, it has placed - it has a place in the credit industry with so much power.

Broad powers are given to the Commissioner of Banking to investigate any industry doing harm to the debtor, for the benefit of the debtor should be encouraged by the state in every way possible. I beg for your favorable report.

Rep. Frazier:

Representative Frazier of the 10th District. Mr. Chairman: Firstly, let me go on record that I am against pool - debt pooling. Firstly, it affect the people in normal - in poverty-type areas. It affects the fellow who is just trying to climb up. I have gone and looked into this debt pooling and I found that it's a normal practice to take off from the top, the price of adjusting the bills. Either 10% or better.

However, Representative Webber's bill would prohibit a lot of unscrupulous people who

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Rep. Frazier:
(con't.)

have gotten into this business. As it was stated - two publications of the U. S. Department of Labor, Bureau of Labor Standards have, in fact, recognized the fact that, if honestly - I put the emphasis on "honestly" - if honestly operated, these agencies, that is, debt poolers, can perform a real service for persons deeply enmeshed in debt.

Now, I too am aware of various organizations, non-profit organizations, that have - will do this sort of work. Ex-bankers, Lawyers, retired bankers, rather - they tend to help these people when there is a sufficient number of bills.

However, realizing that, accepting House Bill 2100 I believe, would be the lesser of two evils, that is, rather than accepting some other bill that wouldn't help us at all.

I go along - I want to support House Bill 2100. Thank you.

Rep. Webber:

Thank you very much.

Mr. Johnson:

My name is Art Johnson, of the Hartford Human Relations Commission. I want to say that I am in a quandary, and your bills have placed me in that somewhat.

I have for a long time felt that debt pooling should be out-lawed - that it deals with - debt pooling as it has been practiced should be, because it deals with just the kind of people that you're concerned about. And I'm not so sure, as I look at these bills, that they are quite designed to do, what I think you're hopeful of, and what we're hopeful of.

For example, I would like an explanation of 848, which prohibits debt pooling. And one which I'd be constrained to support. But as it now stands, the question is, would it, in fact, outlaw and prohibit debt pooling by city agencies, for example, or by the non-profit corporations. I see you are shaking your head, Senator Webber, and I

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Mr. Johnson: hope you're right. Fine.
(con't.)

Rep. Webber: The gentleman who spoke for that bill offered an amendment, whereby this type of organization you spoke about would not be outlawed. He wanted this amendment to the bill, and we are now in the process of doing it.

However, there are other areas that this bill could present a problem with.

Mr. Johnson: Well, certainly in this short reading of it, I'm not so sure I can support it.

Rep. Webber: You know, I'd like to make a statement, if you'll pardon my interruption.

Mr. Johnson: I'd appreciate it, I haven't got myself together.

Rep. Webber: Well, good. I'll give you a chance to relax. A few years ago when this bill was heard, and the record will show that I came into this same room, and very vigorously and emphatically supported a bill to outlaw debt pooling. I, Representative Webber, and the record will so indicate, and the bill I had, we did not get out of Committee.

If some of you are wondering why my name now appears on a bill to regulate debt pooling, I have since that time done some investigating. And there have been a tremendous number of abuses on the part of the debt pooling associations, and I'm the first to admit this.

But I think under the terms of this bill - 2100 - on which my name appears, all of the abuses can be eliminated. All of the unscrupulous, the dishonest persons connected with debt pooling agencies would not be permitted to function. And if some of you wondered why I changed my position, I hope I've explained it. This is a very stringent bill, to my way of thinking. I, not only because my name appears on this bill, but speaking for the Committee, will be very happy to accept from any of you, any

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Rep. Webber:
(con't.)

suggestions or comments that, in your opinion, might strengthen even this bill. And as I said earlier in the room, you can send your briefs into us after the hearing closes. Thank you very much.

May I - in answer to the question from Mr. Johnson. The amendments from the gentleman from the Bar Association of New Haven, who spoke on 848, would "exclude also organizations - corporations organized for charitable purposes."

In 2100, the language is "any bona-fide, etc., non-profit corporation offering debt adjustment services exclusively for members," the amendment Mr. Johnson is talking about might exclude the word "members", if city members, or agencies, wanted to do it.

Rep. Webber:

Oh, I see.

Mr. Johnson:

So that would be an easy correction to make. I think that it does make it clear, and as a practical matter that, regulation seems to be in the offing, where you have established businesses that have been in practice a long time, it becomes extremely difficult to, at this moment, talk in terms of curtailing their activity.

But what I would also like to understand from the Committee, and it seems to me the - one of the most important functional aspects of the debt poolers responsibility is, how, for example, do you envision, Mr. Webber, and you've done a lot of study on this, do you envision the handling of those debts which are incurred against a company which refuses to accept the debt pooler's responsibility in this area?

Now, there are many companies we're sure, who do not do business with debt poolers, as such. There is no compulsion in this area. Which therefore, may lead the debtor, in addition to what he thinks he has accomplished by pooling, the overriding fact of those who do not do business with the

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Mr. Johnson: (con't.) companies. I think there are representatives here who could testify that there are companies who refuse to handle this. There may be an answer to this, I don't know that I find it in your bill, sir.

In the absence, therefore - in the absence therefore - you have it - go ahead, I'm sorry -

Rep. Neiditz: Mr. Johnson's point is - on page 6, there's a cancellation provision, but if the major creditor does not agree to work with the debt pooler, the debtor who's gone there, thinking that all creditors do, will still have to pay a cancellation fee.

Rep. Webber: Yes, but you'll notice that our cancellation fee - I think you make a good point, and I think that this is a point in this bill that we could discuss.

Mr. Johnson: Well, I would conclude that by simply saying this, that as the practical matter stands, that in the absence of complete prohibition that would not, in fact, prohibit, other agencies, non-profit corporations, and in fact, the Probate Courts, really, ought to be the handlers of this.

But in the absence of a bill that will allow these kinds of organizations to operate, that we therefore have come to the practical conclusion which you apparently arrived at in formulating your bill, Mr. Webber.

I wish I could say that I am wholeheartedly in favor of it as it now stands, but I'm sure with the concern of your Committee, that at least the protection of the people who unfortunately get involved in this - and I guess I know about debts as well as anybody - certainly would rely on the direction that this bill is taking. Thank you very much.

Mr. Pearson: Mr. Chairman, I'm Attorney John Pearson, speaking on behalf of the Connecticut State Bar Association Committee on the Unauthorized Practice of Law. I would like to present an

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Mr. Pearson: editorial which was in the Hartford Times last night on debt pooling. The State Committee on Unauthorized Practice of Law has discussed over the years, this question of debt pooling. We've studied the matter, and we feel that this does constitute the unauthorized practice of law when engaged in by various corporations, or people who are not members of the legal profession.

We therefore feel that Bill 848 should be passed by this Committee. And I might comment to this extent - the thing that really struck me as I listened to Mr. Grossman's presentation here - was the number of times that he spoke of "this business - this industry." And he must have mentioned "industry" at least 35 times during the course of his presentation.

It seems to me - and the very, very troublesome thing is that industry shouldn't be based upon the misery and the unfortunate financial circumstances that people find themselves in who have to resort to compromising their debts. Thank you.

Mr. James: My name is Arthur James. I represent Commissioner James Casey of the Department of Consumer Protection.

The Department would like to go on record as in favor of Senate Bill 848. We take this position because, in meetings we've had with consumer groups, it's always been pointed out that the debtor is merely assuming a new primary debt over the subsequent debts he already has.

At this time, we cannot favor H. B. 2100 or 4602, because of the uncertainty of any effective enforcement on those bills.

Rep. Webber: Are we going to hear anyone else on these bills?

Mr. Ritter: Thank you. I come to you today as a private attorney - Attorney George Ritter of Hartford, Connecticut, speaking in favor of House Bill 2100.

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Mr. Ritter:
(con't.)

I would like to make it clear that I am speaking as Counsel for the Barden Investment Company, which is the sole owner of Creditor Advisors Corporation, which is the largest debt pooling in Connecticut.

Shall I take the time to read this to you, or shall I leave it with you?

Rep. Webber:

Why don't you give us the highlights? And then leave that statement with us. And I would suggest, too, Mr. Ritter, that you raise your voice a little bit, so that some of the people in the back can hear you.

Mr. Ritter:

Right. Well, let me run through it quickly, then. All right. What I would prefer to do is leave this with the Committee, and just orally give you some additional thoughts that this has brought to my mind.

When I was first contacted to represent the company, I had the opportunity to look into the actual practices in Connecticut, and to review the practices as recorded in articles throughout the country, in addition to studying the pending legislation.

I was interested to note that the Democratic party included in its platform, this last gubernatorial campaign, a provision in support of the regulation, not the prohibition, but the stringent regulation, of debt pooling.

I was interested too, in my research, to learn that the Legislative Council had gone on record as favoring the strong - the very stringent regulation of this business. I was interested, too, to learn, in looking into the legislative history, that a bill of the - to abolish debt pooling, and some weaker bills - weaker than the Webber bill - 2100, to regulate, have been before the last four sessions of this Legislature.

This is a perennial problem. In picking through the social implications of the regulation, the main thing that has struck

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Mr. Ritter:
(con't.)

me is this. That because of the strong views of some people, who believe that this should be abolished, and the equally strong views of some people who believe that this an industry which has within it the seed of a recognition of a strong, important service to debtors, what has happened there's been precious little regulation.

As my brief will indicate to you, there is language in the Statute Books which call for some regulation, but precious little.

Now it seems to be that a thoroughly realistic approach towards solving what is - can only become an increasing problem - is the approach that Mr. Webber has taken in House Bill 2100. And I submit to this Committee, that the support of House Bill 2100, together with the strongest possible - if there are any other stronger provisions for regulation - would be, in my judgment, the wisest course of action that this Legislature could take.

May I say this? I think it would be wonderful, if every city could have a non-profit debt pooling corporation. I would certainly, as a member of a legislative body, feel this was a proper function of any legislative body. Indeed, O.A.O. is doing this in some cases throughout the country. Indeed, many unions are providing services for members. Credit unions are providing comparable services for members.

It is also true, though, that the corporation which I represent here today, has 50,000 paying clients throughout the country, being serviced by 40 offices in the State of the Connecticut. In five offices, including Hartford, it has right now, on the books, paying clients of 20 - let's see - of 4500. Now, it's also, I think relevant to know, that the average income of people who use debt pooling facilities of Creditor Advisors in Connecticut, runs between \$7,000 and \$9,000 a year.

The commercial debt poolers are not meeting the needs, nor are they servicing the poor

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Mr. Ritter:
(con't.)

in society, really. At least not the poor when you use the standard of the Poverty Program; not the standard when you use the standard of the welfare program. The debt pooler services, in Connecticut, people in the income bracket between 7 and 9,000 dollars. And there is a clear need for this kind of service.

I respect the Bar Association very much. I'm a member of it. It's also clear to me that this is not an operation which law offices can properly handle. Certainly they are not at the moment handling it.

Rep. Webber:

And yet they do, and they'll certainly demand a fee for it.

Mr. Ritter:

I suspect that - most of us have to earn a living, and it might just possibly be that the fee would be ten times higher than the normal debt pooling fee. The argument can't be with the fees that you have structured in your proposed bill. At least from my point of view. The argument in my point of view is only one, and that is that there has to be insistence that anyone who goes into the debt pooling business recognizes that he's going to be regulated, recognizes that he's in an industry that needs to be regulated. And indeed - may I say this - members of this Committee in their wisdom should support 2100, as I hope you do, I hope that you will also make sure that the Banking Commissioner is given additional funds to hire additional staff, to make sure that the additional responsibilities that are - that his Department is called to carry - that they in fact can carry them, because additional staff will be hired, because you've made the funds available. If you don't do that, it's a mockery.

If you don't do that, I'm opposed to 2100. If you don't do that, I hope you not only abolish debt pooling, but a lot of other things. The fact is, that for you to make a real contribution, when you pass 2100,

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Mr. Ritter:
(con't.)

you need to make funds available for the proper enforcement in the state. And I think then, many of the legitimate concerns which conscientious and socially-minded people raise, will be to a large measure, will be met - never entirely.

Certainly the same thing is true, unfortunately, with those in the Bar. Those in the Bar are very aware that sometimes individual members are not quite able to meet the high standards of our Bar.

Now, may I just say one thing more? The representative of the State Bar Association on the unauthorized practice of law said that he just wondered about the propriety, I'm not sure that was his word, about any industry which has as its fundamental purpose for being, to meet the kind of needs, I think he characterized as "living on the needs of the poor people", or people in a difficult position.

What is our medical profession about? I trust that the medical profession also is meant to service the needs of the people who are in dire straits, in a physical way. I hope that we in the Bar Association feel an obligation to meet the needs of people, whether they have money or not, who are in difficult situations.

When you look at this business - what is possible here, if you catch Mr. Grossman's real feeling here. If you catch the Johnny Appleseed approach to this business is this - there is great reason to believe that if this business is properly regulated, this business also can have a lot more money pumped into it, so it can be a lot more effective operation, in terms of capital investment, that you will help to construct in society another way in our way of life to help people who need help, in what is certainly increasingly a credit economy.

I'll be happy to answer any questions. I'll leave these with you.

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- Mr. Galuska: Mr. Chairman, may we have the name of the company he represents?
- Mr. Ritter: The Barden Investment Association of Detroit, the owners of Credit Advisors, a Connecticut corporation.
- Mr. Johnson: Mr. Chairman: I have one point that I left out. May I just make it?
- Rep. Webber: Well, it's not customary. However, in your case, I think we might make an exception. You want to come to the mike? But we're not through with Mr. Ritter, yet.
- Mr. Johnson: Oh, Mr. Ritter - I'm sorry.
- Mr. Ritter: That's all right.
- Rep. Webber: I just want to point out to you, Mr. Ritter, at the risk of sounding repetitious, because I mentioned it several times.
- You seemed very emphatic in your desire to come up with a very stringent bill.
- Mr. Ritter: Yes.
- Rep. Webber: With very tight regulations, and I'm assuming that you've read the bill.
- Mr. Ritter: Yes, I have.
- Rep. Webber: Do you - not at the moment necessarily - but do you think you might have any suggestions, or any -
- Mr. Ritter: Yes, I will. In fact I handed -
- Rep. Webber: Will you hand them into the Committee? Anything that will strengthen the bill.
- Mr. Ritter: Yes, I will. In fact, I have a young man in my office who, in fact, is on the State Bar Association's Committee, which is concerned with this. David Weinstein, by name. Who is very concerned about this. He's been working on some suggestions which

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- Mr. Ritter: we will have available. We thought we'd wait for this hearing, to see what other suggestions might come out of it. And I assure you that you will receive from us a - and I'll have copies for all members - some suggestions.
- Rep. Neiditz There are some questions which I have. One which was pointed out previously by Representative O'Neill. There seems to be a redundancy in Section 10, the last sentence; Section 13, first sentence, or Sub-Section 1, it seems to be the same language.
- The other thing - would there be any - this was brought up by Mr. Johnson before - in Section 16, Sub-Section 5, we talk in terms of "adjustment services in for exclusively for members". Some other language where it is a municipal agency or a chamber of commerce, or other institution who operates for, not members, it's the dues-paying members who are customarily thought of, with some designated group.
- In Sub-Section 6 of Section 16, "any employee of a licensee when acting in the regular course of his employment." Unless this means that the - when working in the normal course of his employment, it would be the employer who would be responsible. It would be the employer's license on the block.
- Mr. Ritter: All right. Sure.
- Rep. Webber: Mr. Johnson, before we - excuse me - are there any more questions of Mr. Ritter?
- Mr. Ritter: Thank you very much, and may I just commend your Committee for the work you've put in here? I'm very serious - off the record here. You deserve credit for coming up with such a bill.
- Rep. Webber: I would like to ask Mr. Grossman - could you leave those two copies of that United

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- Rep. Webber: States Labor pamphlets that you had with us?
(con't.)
- Mr. Grossman: Yes, I'll be happy to. I can't find what I did with them.
- Rep. Webber: Will you drop them in the mail, please?
- Mr. Grossman: No, I'll leave them here - they're here somewhere.
- Rep. Webber: Fine. Mr. Johnson, you want to come up to the microphone, please?
- Mr. Johnson: Thank you very much for your indulgence. The point that I want to make, and it runs through my mind, and it may be inconsistent with the responsibilities of this Committee.
- But as I look at this - this bill addresses itself to the Banking Commissioner, which is proper for regulation. However, I do believe that if we are concerned with the competitive aspect, the non-profit aspect, really, the whole question rests with the community as to what happens with debt pooling at the commercial end of it. If the community itself does not take advantage of the opportunities of the non-profit organizations.
- So what I'm trying to suggest to you, sir, if it's within the purview of the Committee, that you direct to the Commissioner, some - the Commissioner of Consumer Protection, it seems to me, has a very real responsibility here.
- And I would also hope that you might consider that a responsibility for action under this might very well rest with, if possible, a new Department of Urban Affairs. It seems to me that there needs to be something beside regulation, and I don't know if you can do this, which is the encouragement of the intent of this legislation.
- Rep. Webber: You do know - digressing from the bill for

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Rep. Webber:
(con't.)

a moment, you do know I am sure, that there are many bills in the hopper in this session, relating to new departments in our state government. Particularly in the area of urban affairs.

Perhaps if this comes to pass, if one of these bills is passed and adopted, and such a department is developed, we may be able to work something out, with regard to this kind of legislation.

Mr. Johnson:

And I'm sure you share with me the fact that our Department of Consumer Protection did not reach into this area of consumer protection of this sort that we were very much concerned with.

Rep. Webber:

How can I possibly agree with you on that? I'm a Representative here, you know.

Mr. Johnson:

Well, I'm saying it for their benefit. Thank you.

Rep. Webber:

Is there anyone else that wants to be heard on this bill? And if so, can you add something that we haven't already heard?

If not, we'll declare the hearing closed, and thank you very much for your patience.