

Legislative History for Connecticut Act

SB 2181	PA 357	1973
House - 5407-5411		5
Senate - 2302, 2344		2
Books - 291, 331		2
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		9p.

Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate and House of Representatives Proceedings

H-141

CONNECTICUT  
GEN.ASSEMBLY  
HOUSE

PROCEEDINGS  
1973

VOL.16  
PART 11  
5290-5811

Tuesday, May 8, 1973

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If so, move.

THE SPEAKER:

If there is no objection, the matter will be passed temporarily.

THE CLERK:

Turn to page 15 of your calendar, Cal. No. 687, File 586, Sub. S.B. 2181, AN ACT CONCERNING APPLICABILITY OF CERTAIN PROVISIONS IN THE GENERAL STATUTES CONCERNING DEBT ADJUSTERS TO BONA FIDE NONPROFIT COOPERATIVE ORGANIZATIONS OFFERING DEBT ADJUSTMENT SERVICES EXCLUSIVELY FOR MEMBERS. Favorable report of the Committee on Banks and Regulated Activities.

THE SPEAKER:

Gentleman from the 86th.

REP. HOYTE BROWN, 86th:

Mr. Speaker, I move acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate.

THE SPEAKER:

The question is on acceptance and passage in concurrence with the Senate. Will you remark?

REP. BROWN, 86th:

Thank you, Mr. Speaker. The thrust of this bill is to require that all those providing debt adjustment service be subject to the procedural provisions of the debt adjustment law, even though they are not required to be licensed. This function is performed commercially for a fee under chapter 655 of the General Statutes. It is also performed under the exemption contained in Sec. 36-378 of that chapter by non-profit organizations such as church groups, fraternal organizations, family service organizations and others. Commercial firms must be licensed and operate under the provisions of Chapter 655. Non-

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profit firms need not be licensed and our completely exempt from the operating provisions of that chapter and are beyond the jurisdiction of the Banking Department. It is reasonable to believe that bona fide non-profit organizations should be permitted to provide such a service without the requirement that they be licensed. The operational provisions of the debt adjustor law with respect to being charged accounting procedures, required records, contracts with debtor and jurisdiction of the Banking Dept. are sound requirements and should be imposed on all those conducting debt adjustment services, whether on a commercial basis or on a social welfare basis. It is a good bill and deserves the 100% support of the House. Thank you, Mr. Speaker.

THE SPEAKER:

Are there any further remarks? Gentleman from the 78th.

REP. ROBERT J. VICINO, 78th:

Mr. Speaker, a question through you if I may, I can understand the exemptions to non-profit religious, fraternal and cooperative organizations offering debt adjustment services. Am I also to believe that any attorney admitted to practice law in the state of Conn. would be exempt and if so, can you explain why?

THE SPEAKER:

The gentleman from the 86th care to respond?

REP. HOYTE BROWN, 86th:

Yes, you are correct. Attorneys continue to be one of the exemptions under the statutes. I questioned that also and I was told that there are ample safeguards regulating the conduct of attorneys and, therefore, it was not necessary to include them any further.

REP. VICINO, 78th:

Through you, Sir, if I may continue - then also excluded in addition to

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attorneys would be banks, finance and lending institutions. Am I to assume that because there is necessary jurisdictional provisions in the banking commission that this would be perfectly all right?

REP. BROWN, 86th:

Through you Mr. Speaker, that is exactly correct. There is ample safeguards there to protect people of Conn.

REP. VICINO, 78th:

Mr. Speaker, I am satisfied with the explanation. I support this bill. I believe at this time there is only one commercial debt pulling organization in the state of Conn. and I think this might encourage such situations where labor unions, churches and fraternal organizations get involved there. I think that at one time it was extremely fashionable that people use this service of debt pulling but after we correct some of our, or enforce some of our existing statutes which made it a little more difficult for them to operate. It limited the amount of commercial establishments so I do think the thrust of this bill is good and support it.

THE SPEAKER:

Gentleman from the 92nd.

REP. ALBERT R. WEBBER, 92nd:

Thank you, Mr. Speaker. Through you a question, Mr. Speaker, to the gentleman introducing ..

THE SPEAKER:

Please ask your question.

REP. WEBBER, 92nd:

It's either because I didn't hear it correctly or maybe I do not understand the bill - does this mean that this one outfit that operates in our

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state would be out of business - would be barred from continuing to operate?

THE SPEAKER:

Would the gentleman from the 86th care to respond?

REP. BROWN, 86th:

Through you, Mr. Speaker, I would first state that the remarks of Rep. Vicino are quite accurate. To our knowledge there is only one such commercial firm operating in the state of Connecticut and I would answer then to Rep. Webber that that one commercial firm that is licensed now, there would be no change with them whatsoever. The thrust of this bill, however, is to have some jurisdiction over those firms that are conducting debt adjustment services, that are considered to be non-profit organizations so that they must conform to some of the procedural requirements of the act. I can go on further if he so desires.

REP. WEBBER, 92nd:

That was a very nice answer but my question was simply and if I understand it correctly - this one firm that does function in our state under a statute and regulations that we passed in this House some five or six years ago, he can continue to function unimpaired unless, of course, he violates the statute. All I want is a Yes or a No answer.

REP. BROWN: (86)

The answer is Yes.

REP. WEBBER, 92nd:

Thank you, very much.

THE SPEAKER:

Will all the aisles be cleared, please. All members take their seats, staff members return to the well of the House and the machine will be opened.

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The machine will be locked and the Clerk will please take a tally.

Total number voting ..... 143

The gentleman from the 4th would like to be recorded in the affirmative.

Total number voting ..... 144

Necessary for passage ..... 73

Those voting YEA ..... 144

Those voting NAY ..... 0

Absent and not voting ..... 7

The Joint Committee's Favorable Report is accepted and the bill is passed, in concurrence with the Senate.

THE CLERK:

Returning to the matter just passed temporarily a moment ago, top of page 15, Calendar 683, File 504, Sub. S.B. 1946, AN ACT CONCERNING SCHOOL CONSTRUCTION (as amended by Senate Amendment Schedule A). Favorable report of the Committee on Education.

THE SPEAKER:

Gentleman from 38th.

REP. RUFUS C. ROSE, 38th:

Thank you, Mr. Speaker. I move acceptance of the Joint Committee's favorable report and passage of the bill as amended in concurrence with the Senate.

THE SPEAKER:

Question is on acceptance and passage in concurrence with the Senate, as adopted by Senate Schedule A. Will you remark, please.

REP. ROSE, 38th:

On Senate Amendment A, this was the matter that would need to be clarified and has been settled to the satisfaction. I think, and now I move acceptance of

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S-94

CONNECTICUT  
GEN.ASSEMBLY  
SENATE

PROCEEDINGS  
1973

VOL.16  
PART 5  
1985-2473

May 1, 1973

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C.G.C.

Central Credit Union to all persons who are eligible for membership in a dissolving credit union rather than only to persons who are members as of the date of liquidation. Also, it would extend membership in the credit union to employees of any employer having 250 or fewer employees. Present time, for the first part, the reasoning is that many persons give up their membership from a credit union that is having some difficulty. Only those persons who keep a minimum of \$5.00 in a liquidating credit union can presently transfer their credit union membership to the Central Credit Union. This Bill would correct this. I urge its passage and move that it be placed on the Consent Calendar.

THE CHAIR:

Is there objection? Hearing none, so ordered.

THE CLERK:

Calendar No. 589. Substitute for Senate Bill No. 2181. An act concerning applicability of certain provisions in the General Statutes concerning debt adjusters to bona fide nonprofit cooperative organizations offering debt adjustment services exclusively for members with a favorable report on the Banks and Regulated Activities.

THE CHAIR:

Senator Bozzuto.

SENATOR BOZZUTO:

Mr. President, I move acceptance of the Joint Committee's favorable report and passage of the Bill.

THE CHAIR:

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I move the following--I move adoption, acceptance, passage and other appropriate action on the following items on the Consent Calendar if amended, where amended, that would be appropriate as well: Calendar No. 693...

THE CHAIR:

You'd never get away with all that in Court, you know.

SENATOR ROME:

I do. Calendar No. 694, Calendar No. 518, Calendar No. 544, Calendar No. 565, Calendar No. 568, Calendar No. 570; it's my understanding 569 is pass retained?

THE CHAIR:

Resolutions adopted on the Consent Calendar HJR-175 & HJR-176.

That's correct.

Bills passed on the Consent Calendar SB-1946, SB-1870, HB-8973, HB-8251, HB-8413, SB-1715, SB-2181, SB-2184, SB-2216, SB-2276, SB-2281, SB-1673, SB-1970, SB-2164, SB-2114, SB-1586, SB-1569, SB-1891, HB-9132, HB-8623, HB-8860, HB-9007, HB-8733, HB-8734, HB-8578, HB-8813, HB-9020, HB-9066, HB-8425, HB-8460,

SENATOR ROME:

Calendar No. 586, 590...

THE CHAIR:

HB-8462, HB-8847, HB-9189, HB-9339, HB-8318, HB-8558, HB-8324.

589?

SENATOR ROME:

589, 590, 591, 592, 593, 594, 596, 597, 598, 600, 601, 603, 606--excuse me--I did it again--620, 621, 622, 623, 625, 626, 627, 628, 629, 630, 631, 632, 633, 635, 636, 637, 638, 639, and 407.

THE CHAIR:

Motion is by the Majority Leader for adoption of the Consent Calendar. Is there any objection to any--all the items noted? Hearing none, the Consent Calendar is adopted.

SENATOR ROME:

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**BANKS &  
REGULATED  
ACTIVITIES**

**1973**

MONDAY

MARCH 19, 1973

- Raised Committee Bill No.2088, AN ACT CONCERNING THE PAYMENT OF INTEREST ON MONIES HELD IN ESCROW BY MORTGAGEES AND ON MONIES HELD BY LANDLORDS AS SECURITY DEPOSITS ON REAL PROPERTY.
- Raised Committee Bill No.2165 AN ACT CONCERNING THE ESTABLISHMENT OF BRANCH BANKS.
- Raised Committee Bill No.2166 AN ACT CONCERNING FEES RELATING TO BANK APPLICATIONS.
- Raised Committee Bill No.2167 AN ACT CONCERNING EXHIBITS FILED WITH APPLICATIONS FOR ESTABLISHING NEW BANKS.
- Raised Committee Bill No.2181 AN ACT CONCERNING APPLICABILITY OF CERTAIN PROVISIONS IN THE GENERAL STATUTES CONCERNING DEBT ADJUSTERS TO BONA FIDE NONPROFIT COOPERATIONS OFFERING DEBT ADJUSTMENT SERVICES EXCLUSIVELY FOR MEMBERS.
- Raised Committee Bill No.2182 AN ACT CONCERNING EXTENSION OF CREDIT SECURED BY AN INTEREST IN LAND AND AUTHORIZATION TO THE BANK COMMISSIONER TO REGULATE RESIDENTIAL LOANS BY SECOND MORTGAGE LENDERS.
- Raised Committee Bill No.2183 AN ACT CONCERNING THE DEFINATION OF "ACTING WITHIN THIS STATE BY CONSUMERS COLLECTION OF AGENCIES" FOR PURPOSES OF DETERMINING JURISDICTION OF BANK COMMISSIONER.
- Raised Committee Bill No.2184 AN ACT CONCERNING CHANGES IN RESERVE FUND REQUIREMENTS FOR STATE BANKS AND TRUST COMPANIES TO CONFORM WITH FEDERAL RESERVE REQUIREMENTS.
- Raised Committee Bill No.2185 AN ACT CONCERNING FREE GIFTS TO DEPOSITORS BY BANKING INSTITUTIONS.
- Raised Committee Bill No.2212 AN ACT CONCERNING ELIMINATION OF COMMISSIONER APPROVAL AS REQUIREMENT FOR CERTAIN BANKS TO HOLD REQUIRED RESERVES FOR STATE BANKS AND TRUST COMPANIES.
- Raised Committee Bill No.8987 AN ACT REQUIRING BANKS WHICH OFFER FREE GIFTS TO DEPOSITORS TO GIVE NOTICE OF PENALTIES WHICH WILL APPLY TO PREMATURELY CLOSED OR DEPLETED ACCOUNTS.
- Raised Committee Bill No.8988 AN ACT CREATING A REVOLVING FUND FOR LOW COST PROPERTY IMPROVEMENT LOANS FOR SENIOR CITIZENS.
- Raised Committee Bill NO. 9002 AN ACT CONCERNING INTEREST ON CHRISTMAS CLUB AND OTHER "CLUB" ACCOUNTS.

## BANKS AND REGULATED ACTIVITIES

MONDAY

MARCH 19, 1973

...the numbers were changed on us but this was proposed bill 1316. I believe. James Staptelor representing the Connecticut Bankers Association. We take no position on the bill that would require hearings to be held on applications for the establishment of branch banks we do take a position on the bill which would provide that no branch bank may be established unless the main bank has been in operation for a fixed period of time.

We believe the banking commissioner should have a maximum of flexibility in deciding whether a branch may be established. Growth of an institution or of a community or need for a branch does not necessarily change at any fixed rate. To set a minimum period of time for main bank operation before a branch can be opened constitutes an arbitrary limitation without any commensurate public benefit. Accordingly we oppose this measure. I will leave you a copy of our statement.

SENATOR GROMLEY: Anyone have any questions? Any other opponents to 2165? If not the hearing on 2165 is closed. We will open the hearing on 2166. This is AN ACT CONCERNING FEES RELATING TO BANK APPLICATIONS. We will hear from the opponents first. Senator Gunther spoke on this bill this morning also, are there any opponents against this proposed bill...against this bill? No one wishing to speak the hearing will close on 2166. We will open the hearing on 2167. Which is AN ACT CONCERNING EXHIBITS FILED WITH APPLICATIONS FOR ESTABLISHING NEW BANKS. Anyone wish to speak in favor?, Anyone wish to speak against? All right the hearing on 2167 is closed. We will open the hearing on 2181. AN ACT CONCERNING APPLICABILITY OF CERTAIN PROVISIONS IN THE GENERAL STATUTES CONCERNING DEBT ADJUSTMENTS TO BONA FIDE NONPROFIT COOPERATIVE ORGANIZATIONS OFFERING DEBT ADJUSTMENT SERVICES EXCLUSIVELY FOR MEMBERS. Anyone wish to speak in favor?, 2181, beg your pardon...I can't hear you..., anyone wish to speak against 2181?

FRED DOOCY: Mr. Chairman I am a little tardy in getting up, I am not speaking against the bill. A bill of similar nature was heard before General Law the other day,...sorry, Fred Doocy, Conn. Bankers Association, Sometime ago the process of debt pruning was outlawed or nearly so in the State of Connecticut to the extent there is now one in existence. The Connecticut Bankers Association has been working with one in particular nonprofit group, Mrs. Baxter and Mrs. Federmen are leaders of the organization and they are trying to organize nonprofit organizations to help out in this regard and we would support that concept although it is not spelled out exactly in that same fashion in that bill as it was in the General Law Committee.

CHAIRMAN GROMLEY: Anyone want to ask Mr. Doocy any questions? Anyone else wish to speak against the bill?

JACK MYLES: Jack Myles, Savings Bank Association. I would simply like to echo Mr. Doocy's comments. We also have been working with groups that are trying to set up nonprofit organizations to help people who are in financial difficultys and we think this should be permitted.