

Legislative History for Connecticut Act

<i>HB 5329</i>	<i>PA 160</i>	<i>1979</i>
<i>House - 3154-3158, 3346-3356</i>		<i>16</i>
<i>Senate - 2274-2275, 2330-2331</i>		<i>4</i>
<i>Banks - 47-50</i>		<i>4</i>

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CONNECTICUT
GEN. ASSEMBLY
HOUSE

PROCEEDINGS
1979

VOL. 22
PART 9
2834-3191

House of Representatives

Tuesday, April 17, 1979

122

kdd

The House of Representatives is voting by roll at this time.

Will the members please return to the chamber immediately?

Have all the members voted? Would the members please check the roll call machine to determine if their vote is properly recorded. The machine will be locked and the Clerk will take the tally. Would the Clerk please announce the tally.

CLERK:

House Bill No. 7729, as amended by House Amendment Schedule

"A".

Total number voting	144
Necessary for passage	73
Those voting aye	144
Those voting nay	0
Those absent and not voting	7

SPEAKER ABATE:

The bill as amended passes.

CLERK:

Calendar page 9. Calendar No. 558, File No. 358, Substitute for House Bill No. 5329, AN ACT CONCERNING DEBT ADJUSTORS. Favorable Report of the Committee on Banks.

REP. ONORATO: (97th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Onorato.

REP. ONORATO: (97th)

I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

SPEAKER ABATE:

The question is on acceptance and passage. Will you remark, sir?

REP. ONORATO: (97th)

Thank you, Mr. Speaker. Mr. Speaker, this particular piece of legislation would do away with professional debt adjustors. Since the licensing requirement some three years ago, there have been no professional debt adjustors have been licensed, rather, therefore this bill would take them out of the picture altogether. It also gives the Banking Commissioner on those engaged in the non-profit collection of debts, some power of regulation over them and I would urge passage of this bill.

SPEAKER ABATE:

Will you remark? Will you remark further on this bill? If not, would all the members please be seated. Would the members please be seated. Would the staff and guests please come to the well of the House.

REP. HANLON: (70th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Hanlon.

REP. HANLON: (70th)

Mr. Speaker, through you, a question to the gentleman reporting on the bill.

SPEAKER ABATE:

State your question, please, sir.

REP. HANLON: (70th)

Through you, sir. In lines 257 through 264, there's indication that there has been a change in the fines that are to be imposed and I would ask through you, Mr. Speaker, whether this bill has been reviewed by the Judiciary Committee.

SPEAKER ABATE:

Does the gentleman care to respond to that question?

REP. ONORATO: (97th)

What lines are those, through you, Mr. Speaker, what lines are you talking about?

SPEAKER ABATE:

Through the Chair, restate his question.

REP. HANLON: (70th)

Yes, Mr. Speaker, through you, Mr. Speaker, it's lines 257 through 264.

REP. ONORATO: (97th)

Through you, Mr. Speaker, the answer is no, I don't believe it has been referred.

House of Representatives

Tuesday, April 17, 1979

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SPEAKER ABATE:

Rep. Hanlon, you still have the floor, sir.

REP. HANLON: (70th)

Through you, Mr. Speaker, may I inquire of the gentleman why it wasn't referred to the Committee on Judiciary for review?

SPEAKER ABATE:

Rep. Onorato, do you care to respond to that inquiry, sir?

REP. ONORATO: (97th)

Not being the chairman of the committee, through you, Mr. Speaker, I have no knowledge of why it was not.

SPEAKER ABATE:

Rep. Hanlon, you have the floor.

REP. HANLON: (70th)

Mr. Speaker, through you, may I direct an inquiry to the chairman of the Committee on Banks, Mr. Sponheimer, and direct the same question to him?

SPEAKER ABATE:

Will the gentleman please frame his question?

REP. HANLON: (70th)

Oh, I'm sorry. Through you, Mr. Speaker, my question is on lines 257 through 264, the fines imposed are modified and my question, through you, was why was this bill not reviewed by the Judiciary Committee?

SPEAKER ABATE:

Rep. Sponheimer, do you care to respond to that question, sir?

REP. SPONHEIMER: (103rd)

Thank you, Mr. Speaker, through you. In trying to research my memory, I believe that the original intent of the bill, the bill was not intended to change the penalties, as far as I know and understand, at least before the Committee. I think perhaps this has been a misprint because I do agree with the speaker on the bill that if there is a change on the penalty provision, that it would have to be referred to the Judiciary Committee. Therefore, I might ask that this matter be passed temporarily so that amendment may be offered to clear up this question.

SPEAKER ABATE:

The motion is that the item be passed temporarily. The motion has been put to the chamber. Is there objection? Is there objection to the motion that we pass this item temporarily? Hearing none, it is so ordered.

CLERK:

Calendar No. 559, File No. 367, Substitute for House Bill No. 7656, AN ACT CONCERNING ADMISSION OF ELECTORS. Favorable Report of the Committee on Government Administration and Elections.

REP. COLUCCI: (71st)

Mr. Speaker, Mr. Speaker.

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GEN. ASSEMBLY
HOUSE

PROCEEDINGS
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PART 10
3192-3535

House of Representatives

Wednesday, April 18, 1979 65
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tally.

Would the Clerk please announce the tally.

CLERK:

House Bill 5319 as amended by House Amendment Schedule "A".

Total number voting 143

Necessary for passage 72

Those voting yea 143

Those voting nay 0

Those absent and not voting 8

SPEAKER ABATE:

The bill passes.

CLERK:

Calendar 558, File 358, substitute for House Bill 5329,AN ACT CONCERNING DEBT ADJUSTORS, favorable report of the Committee
on Banks.

REP. ONORATO: (97th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Al Onorato.

REP. ONORATO: (97th)

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

SPEAKER ABATE:

Questions on acceptance and passage. Will you remark, sir.

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REP. ONORATO: (97th)

and Yes, Mr. Speaker. The Clerk has an amendment, LCO No. 7264. May he call it please.

SPEAKER ABATE:

Would the Clerk please call LCO 7264 designated House Amendment Schedule "A".

CLERK:

REP. LCO 7264 offered by Rep. Sponheimer of the 103rd.

SPEAKER ABATE:

SPEAKER Does the gentleman take leave of the Chamber to summarize in lieu of the Clerk's reading?

REP. ONORATO: (97th)

Yes. I'm sorry, Mr. Speaker, may I have permission to summarize?

SPEAKER ABATE:

Is there objection? Is there objection to the gentleman summarizing in lieu of Clerk's reading? Hearing none, you may proceed, sir.

REP. ONORATO: (97th)

SPEAKER Thank you, Mr. Speaker. Mr. Speaker, from lines 259 in the file copy to lines 264 the previous penalties are reinstated and the new penalties are deleted. The Banking Commission made some recommendations and while the Joint Committee was meeting, we adopted some of the recommendations and this decreased penalty

was inadvertently put in and this amendment would clear that up and reinstate the existing penalty that is now on the books and I would move the adoption of the amendment.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "A". Will you remark further on its adoption? If not, all those in favor of its adoption, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

Opposed, nay. The ayes have it. The amendment is adopted and it is ruled technical.

House Amendment Schedule "A".

In line 259, delete the brackets before and after the words "one thousand" and delete the words "five hundred".

In line 261, delete the brackets before and after the words "one thousand" and delete the word "five".

In line 262, delete the word "less" and delete the word "more".

In line 263, delete the brackets before and after the words "thirty days nor more than on year" and delete the word "six".

In line 264, delete the word "months".

SPEAKER ABATE:

Will you remark on the bill as amended by House "A".

REP. ONORATO: (97th)

Thank you, Mr. Speaker. I would move passage of the bill as amended.

SPEAKER ABATE:

Will you remark further on the bill as amended by House Amendment Schedule "A".

REP. HANLON: (70th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Hanlon.

REP. HANLON: (70th)

Through you, Mr. Speaker, a question of the gentleman reporting out the bill.

SPEAKER ABATE:

State your question please, sir.

REP. HANLON: (70th)

As I understand this legislation, it is intended to direct regulation on debt adjusters to solely non-profit organizations serving as debt adjusters. Is that correct?

REP. ONORATO: (97th)

That is correct.

REP. HANLON: (70th)

Through you, Mr. Speaker, are profit debt adjusters presently regulated under state statutes?

REP. ONORATO: (97th)

Yes, they are.

SPEAKER ABATE:

Through the Chair, Rep. Onorato.

REP. ONORATO: (97th)

I'm sorry, Mr. Speaker. Through you, the answer is yes.

SPEAKER ABATE:

Thank you, sir.

REP. HANLON: (70th)

Through you, Mr. Speaker, is the gentleman aware of any debt adjusters that are currently run on a profit basis in this state?

REP. ONORATO: (97th)

Through you, Mr. Speaker, since legislation was enacted regulating debt adjusters for profit, there is no one who has stepped forward to get a license and the answer to his question is there are none presently in Connecticut under the regulations.

REP. HANLON: (70th)

Through you, Mr. Speaker, does this mean that there are none operating or there are none that have bothered to get a license?

REP. ONORATO: (97th)

As far as can be ascertained, there are none operating.

REP. HANLON: (70th)

Through you, Mr. Speaker.

SPEAKER ABATE:

Rep. Hanlon.

REP. HANLON: (70th)

If I were to go to a finance company and borrow some money

for a bill consolidation loan and at the time that I was ready to receive those funds, if I were to go down to that finance company and said to the person to whom I was speaking, look, will you make out the checks for me and send them out for me. Would that person or that agency be a debt adjuster under the definition contained in line 19 through 23 of this bill?

REP. ONORATO: (97th)

Through you, Mr. Speaker, what lines were those again, please?

SPEAKER ABATE:

Would the gentleman please restate the question.

REP. HANLON: (70th)

Yes, Mr. Speaker, through you, lines 18 through 23.

REP. ONORATO: (97th)

Through you, Mr. Speaker, it would depend if that finance company charged him a fee for the services whether you would come under those sections.

SPEAKER ABATE:

Rep. Hanlon.

REP. HANLON: (97th)

Through you, Mr. Speaker, is the gentleman's response then if the finance company did charge a fee, he would be a debt adjuster under those circumstances?

SPEAKER ABATE:

Rep. Onorato, you have the Chair, sir.

REP. ONORATO: (97th)

Through you, Mr. Speaker, if the finance company charged a fee and this service was, they did this service on a normal course of business, they would have to be licensed and yes, they would be considered debt adjusters. On the other hand, if the finance company that he is talking about did it as a personal favor to him, then I would answer no, he is not a professional debt adjuster.

REP. HANLON: (70th)

Through you, Mr. Speaker.

SPEAKER ABATE:

Rep. Hanlon, you still have the floor, sir.

REP. HANLON: (70th)

Is the gentleman aware of, or for that matter any member of the Committee, aware of any finance companies or lending institutions that do participate in this practice and do in fact charge a fee?

SPEAKER ABATE:

Rep. Onorato, will you respond.

REP. ONORATO: (97th)

Through you, Mr. Speaker, we are not aware of any debt adjusters for profit in the State of Connecticut. There are certain exemptions under the statute which exemptions will continue to be incorporated in the statute. Those are nonprofit debt adjusters. That is a difference between a nonprofit debt

adjuster and a debt adjuster for profit. As far as we are aware, there are no debt adjusters for profit in this state.

REP. HANLON: (70th)

Mr. Speaker, speaking very briefly to the bill, I am a little bit concerned that we are taking out a regulation of profit debt adjusters. Even if there are none licensed at this point, I think it is perhaps a misguided step to just take out any regulation in the event either today or tomorrow or next year we do have profit debt adjusters in the state. Obviously there was some concern expressed in this Legislature at one time about regulating debt adjusters in the state and I can see no reason for removing the regulation of those that might do it for profit.

SPEAKER ABATE:

Will you remark further on the bill as amended by House "A".

REP. ONORATO: (97th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Onorato.

REP. ONORATO: (97th)

Thank you, Mr. Speaker. Mr. Speaker, the business of debt adjusting for profit is a particularly insidious business if it is not done in the correct manner. This Body has passed legislation some three or four years ago requiring debt adjusters for profit to become licensed by the state. Since that legislation went into effect, not one application for a license was received by

the state which indicates that they are not willing to be licensed. It is the kind of a business where the client comes in to consolidate the debts, the fee is paid off the top of those debts and the client is put in the same position as he was before he came to the debt adjuster, only short the fee now. What this does, since there were no takers up since the licensing regulations went into effect, it has been some three or four years now. Why not remove it from the statute? Why not leave it to the non-profit organizations as enumerated in the statute and just take the debt adjustment for profit out of the statute and it doesn't leave any room for doubt as to the kind of help that a debtor would get from these people.

The bill further goes in on nonprofit debt adjusters. In certain of them, there are regulations by the Banking Commissioner so that a nonprofit debt adjuster also can be regulated by the Banking Commission to see that they don't cross the line into profit. I would strongly urge passage of this bill, Mr. Speaker.

SPEAKER ABATE:

Will you remark further on the bill as amended by House "A".

REP. VANNORSTRAND: (141st)

Mr. Speaker.

SPEAKER ABATE:

Rep. VanNorstrand.

REP. VANNORSTRAND: (141st)

Just very briefly, just following the questions and answers

that Rep. Hanlon and Rep. Onorato exchanged, I'm not sure exactly what you are accomplishing. What I hear, and I believe that Rep. Onorato has properly said it that this is an insidious thing many times, frequently on those most oppressed, but I'm not sure the answer is to say you are not going to regulate those who are going to continue to do it. What I see is an example of lack of enforcement and maybe more teeth is needed. But, even in the situation that Rep. Hanlon posed, there is an omen of Catch-22 here. If the person charges a fee, Rep. Onorato says they would have to be licensed but obviously, from line 27 or 28 on, they can't be licensed because they are not a nonprofit organization. I'm not sure what we are accomplishing here.

SPEAKER ABATE:

Will you remark further on the bill as amended by House "A". Will you remark further on the bill as amended by House Amendment Schedule "A". If not, would all the members please be seated. Would the staff and guests please come to the Well of the House. The machine will be opened.

The House of Representatives is voting by roll at this time. Would the members return to the Chamber immediately. The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately.

Have all the members voted? Would the members please check the roll call machine to determine if their vote is properly

recorded. The machine will be locked and the Clerk will take the tally.

Would the Clerk please announce the tally.

CLERK:

PURP: House Bill 5329 as amended by House Amendment Schedule "A".

on Total number voting 143

REP Necessary for passage 72

Those voting yea 105

SPE Those voting nay 38

Those absent and not voting 8

SPEAKER ABATE:

The bill as amended passes.

CLERK:

SPE: Calendar 560, File 349, substitute for House Bill No. 5950, AN ACT CONCERNING RECOVERY OF COSTS FROM WILLFUL ZONING VIOLATORS, favorable report of the Committee on Judiciary.

REP. GROPPPO: (63rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Groppo.

REP. GROPPPO: (63rd)

In the absence of the Chairman, may this be passed temporarily, please.

SPEAKER ABATE:

Is there objection to the motion to pass this item temporarily?

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GEN. ASSEMBLY
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SENATE

MAY 2, 1979

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THE CHAIR:

The Motion is to pass the Bill retaining, is that what you said Senator?

SENATOR CURRY:

Yes, Mr. President.

THE CHAIR:

Without objection, it is so ordered. The item is passed retaining its place on the Calendar.

THE CLERK:

On page 20 of the Calendar, Calendar 612, File 358, 610, Substitute House Bill 5329, AN ACT CONCERNING DEBT ADJUSTORS, as amended by House Amendment, Schedule A.

THE CHAIR:

Senator Ballen.

SENATOR BALLEEN:

Thank you Mr. President. I move acceptance of the Joint Committee's Favorable Report and passage of the Bill as amended by House Amendment A.

THE CHAIR:

Question is on acceptance and passage as amended by House A. Will you remark Senator?

SENATOR BALLEEN:

Yes. Thank you Mr. President. This Bill prohibits debt adjustment for profit in the State of Connecticut and it requires non-profit

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organizations engaged in debt adjusting to be licensed by the Banking Commissioner. The Bill specifies requirements for licensing and the rules which apply to such non-profit debt adjustment activities. If there's no objection, I would move the Bill to the Consent Calendar.

THE CHAIR:

Question on the Bill itself. Hearing none, objection to moving the item to Consent? Hearing none, it is so ordered.

THE CLERK:

Calendar 614, File 351 and 615, Favorable Report of the Joint Standing Committee on Banks, Substitute House Bill 7776, AN ACT CONCERNING REVERSE ANNUITY MORTGAGES, as amended by House Amendment Schedule A.

THE CHAIR:

Senator Ballen.

SENATOR BALEN:

Mr. President, thank you. I would move acceptance of the Joint Committee's Favorable Report and passage of the Bill as amended by House Amendment A.

THE CHAIR:

Question is on acceptance and passage as amended by House A. Will you remark Senator?

SENATOR BALEN:

Yes, Thank you Mr. President. This Bill pertains to reverse annuity mortgages, which were passed in the last session of the legislature but apparently there were several technical problems with the Bill. Banks had

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it in conformity with Bills that we passed a number of weeks ago and if there is no objection, I move it to the Consent Calendar.

THE CHAIR:

Question on the Bill as amended? Hearing none - Opposition to the Motion to place on Consent? Hearing none, it is so ordered.

THE CLERK: SB 713, SB 1344, SB 1423, HB 7003, SB 465, SB 1383, HB 7115, HB 5555, HB 7726, HB 7780, HB 7850, HB 7851, HB 5334, HB 6191,
 Clerk is ready to go over today's Consent Calendar. Would all Senators please return to the Chamber to vote on today's Consent Calendar. On page 5, Calendar 337, on page 7, Calendar 416. On page 8, Calendar 456, on page 9, Calendar 489. On page 10, Calendar 500. On page 12, Calendar 553. On page - Calendar 500 was a Roll Call. I apologize. Page 12, Calendar 553. Page 13, Calendars 567, 569, 570, 571 and 572. Page 14, Calendar 573, 574, 575, 576, 577. Page 15, Calendar 579, 581, 582, 583. Page 16, Calendar 584, 587, 588, 589. Page 17, Calendar 590, 592, 594. Page 18, Calendar 596, 599. Page 19, Calendar 605. Page 20, Calendar 612, 614, 615. Page 21, all items on the page, calendars 616, 617, 618, 619, and 620. Page 22, Calendar 622. Page 23, Calendar 627, 628, 629 and 630. Page 24, Calendar 631, 633, 634, 635. On page 25, all the items on the page, 636, 637, 638, 639, 640. On page 26, Calendar 645, 647, 648, 649. On page 27, Calendar 650, 652 and 654. On page 28, Calendar 655, 656, 659. On page 29, Calendar 662, 663, 667 and on page 54, Calendar 528. HB 6424, HB 7524, HB 7729, HB 6158, HB 7656, HB 5521, HB 6366, HB 6365, HB 7119, HB 7684, HB 5298, HB 6691, HB 7836, HB 5483, HB 7419, SB 1231, HB 5329, HB 7776, HB 5294, HB 5887, HB 6336, HB 6188, HB 7331, HB 7916, HB 7731, HB 7201, HB 6377, HB 6906, HB 5711, HB 7614,
 The machine will be opened. HB 7769, HB 7896, HB 5613, HB 5952, HB 6018, HB 5319, HB 5320, HB 7317, HB 7491, SB 372,
 THE CLERK: SB 449, SB 869, SB 1468, SB 1474, SB 1543, SB 783, SB 389, SB 1099, SB 1359, SB 1533, SB 1605, SB 1607,
 Roll Call is taking place in the Senate on today's Consent Calendar.

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Would all Senators please return to the Chamber. Roll Call in process in the Senate on today's Consent Calendar. Would all Senators please return to the Chamber.

Would all Senators please return to the Chamber to vote on today's Consent Calendar. All Senators, please return to the Chamber to vote on today's Consent Calendar.

THE CHAIR:

The machine is still opened. The machine is closed.

36 YEA

0 NAY

The Consent Calendar is adopted.

THE CLERK:

Clerk is ready to turn to page 51 of the Calendar, under the heading Unfavorable Reports, Senate Petition No. 56, Calendar 545, File 531, Unfavorable Report of the Joint Standing Committee on Environment, Substitute Senate Bill 163, AN ACT PROHIBITING THE USE OF STEEL JAW TRAPS.

THE CHAIR:

Senator Skowronski.

SENATOR SKOWRONSKI:

Mr. President, I move that the Unfavorable Report of the Environment Committee be sustained and the Bill and the Petition be defeated.

THE CHAIR:

Question is on sustaining the vote of the Committee, the Unfavorable

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REP. JOYCE (Continued): he could give me something in writing?

SEN. SULLIVAN: I think that's what he said he was going to do.

REP. JOYCE: Okay. I'd be interested in hearing his comments.

MR. PODOLSKY: Mr. Chairman, may I make one very brief comment? Raphael Podolsky. It appears to me what this would mean is that the amount of the monthly payments would vary from month to month. I will submit something in writing to the committee. Thank you.

SEN. SULLIVAN: Any others opposed?

MR. BLAIR: Mr. Chairman. Members of the committee. My name is John Blair and I represent the Connecticut Retail Merchants Association. I also just received a full copy of the bill this afternoon and I would ask the chair's permission to submit written comments.

SEN. SULLIVAN: Thank you, John. Any other speakers against?

MR. FULTON: I'm Robert Fulton with the Bank Commissioner's Office. We also have not up until this time, in fact, we don't at this moment have a full copy of the bill and would like to be able to make additional comments when a full copy is available to us. In essence, we don't have any problem with the application of a simple interest concept to retail installment sales financing, but we would like to analyze the exact effect of the language proposed before we endorse it wholeheartedly. Thank you.

SEN. SULLIVAN: Thank you. Bill No. 5329 debt adjusters. Those in favor? Those opposed?

MR. PODOLSKY: Mr. Chairman, I'd like to speak in favor of the bill. My name is Raphael Podolsky. I'm a lawyer with the Legal Services Legislative Offices. A debt adjuster is a person with whom you contract to arrange to pay off your debts. In other words, you go to the person, you sign a contract with him by which you will pay him a certain amount a month and he pays off your creditors. There has been in Connecticut a long history of abuse in this industry because what would happen was debt adjusters would typically take the first several months of your payments as payment of their fee and would not distribute the money to the creditors whose accounts were supposed to be paid. In other words, a debtor who was behind in his debts would think that he was paying somebody to pay off his creditors, but in fact, in effect the debt

MR. PODOLSKY (Continued): adjuster was first taking his commission. This would mean the debtor would continue to be harrassed by creditors, eventually, very commonly, the debtor would stop paying the debt adjuster and he would be still equally in debt to his creditors, the debit adjuster would have made his fee on it, but the consumer would not be the better for it.

I believe in 1967 statute was adopted by which debt adjusters had to be licensed in the State of Connecticut. As a result of that statute, very, very few people ever were licensed. I believe only three people were licensed as debt adjusters in the state and for the last three years nobody has been licensed as the last of those three have gone out of business.

What this bill would do is it would abolish debt adjusting for profit. I would point out to you debt adjusting is different from debt counseling which is simply advising someone, helping them work out a way to pay their bills. A debt adjuster is somebody you actually pay your debt to and that person then redistributes it. It appears that there is no reason to continue allowing this business in Connecticut on a for-profit basis. The problem with the bill as it's drafted is it doesn't accomplish its purpose and I see from the copy of the banking commissioner's statement that the banking commissioner has provided a full and complete revision of the bill which I endorse.

I would endorse it, however, with three suggestions that I would ask you to look at and I guess I would also address this to the banking commissioner's representative -- consider changing. Again, this is a piece of paper I did not have before today so I have not had a chance to look at it previously. Looking at the banking commissioner's recommended redraft of the bill, on Page 3, Section 8 repeals 36-371 of the General Statutes. That requires a written contract with a complete list of creditors and charges when you go to a debt adjuster. Now, the banking commissioner's bill would continue to allow a debt adjustment on a not-for-profit basis which we support. I would suggest, though, that it might be desirable not to repeal Section 36-371. On Page 4, Section 13 of the commissioner's proposed bill, repeals Subsection 4 of 36-376. That is the section that prohibits a debt adjuster from taking a promissory note, a wage assignment or a security interest as security for making payments and I would suggest there again that the committee look closely as to whether it is necessary to repeal that. That may serve a legitimate protective purpose. And finally, on Page 5, Section 16 repeals

MR. PODOLSKY (Continued): 36-379 which prohibits a debt adjuster from doing anything that would pass as being the practice of law or claiming to be able to handle legal problems for the consumer whose debts were being adjusted. There again, that appears to be a protective measure which perhaps might well be retained even though only nonprofits would be allowed to engage in this business. It may be that the commissioner's representative in testifying may be able to explain why those particular items were excluded.

But with those three qualifications, I think that the commissioner's bill is a good idea and I would endorse it.

REP. VARIS: Does any member of the committee have any questions? Anyone else to speak in favor?

MR. PODOLSKY: Mr. Chairman, I would like to submit something in writing detailing the specifics that I've commented on.

REP. VARIS: Would you give that to the clerk please?

MR. PODOLSKY: Thank you.

REP. VARIS: Anyone willing to speak in -- against? Are there any comments from the State Bank Commissioner's Office?

MR. FULTON: Thank you, Mr. Chairman. Bob Fulton of the State Banking Commissioner's Office again. The debt adjustment business created a big problem in the late 1960's and as a result very strong legislation in effect made it unprofitable to do it on a commercial basis. In fact, it isn't a business that's suitable for the -- a commercial operation to engage in. And we wholeheartedly support the outlawing of professional debt adjusters. We have proposed what we think is a fair, but bill that allows those engaged in nonprofit debt adjusting and we think that we have proposed enough of a restrictive definition to determine what that is -- to have the latitude to do the business in such a way as it best suits the best interest of the client.

For instance, we have the section concerning not taking a promissory note in repayment of fees. It may be that an individual who seeks the services of a nonprofit debt adjustment service can't even pay whatever negligible fee is necessary to cover the cost of this service. And we wouldn't be opposed to taking a promise to repay that in lieu of actual payment instead of turning them away from being able to have the services rendered to them. We think that the proposal that

MR. FULTON (Continued): we have set forth here will allow us to adequately control nonprofit debt adjusting without getting in the way of doing it in a proper fashion to best serve the needs of the customer.

REP. VARIS: Are there any questions by any member of the committee?

REP. ONORATO: Yes. Let me ask one. Representative Onorato, 97th District. On the -- I don't have a copy of your proposals. I don't know if they were passed out. All kinds of things in front of me. No, I don't have a copy of it. If the committee were to recommend the repeal of 365, that no person, firm or corporation shall engage in the business of debt adjustment, and then Sections 366 through 377 and Sections 379 through 381 were also repealed, would that make any difference in your position?

MR. FULTON: I think I'd have to look at those in a lot more detail than I can do right off the top of my head.

REP. ONORATO: Basically, it's repealing everything except, I guess, 378, except for the last part of 378 and 364.

MR. FULTON: I think the problem that we see in taking off all form of regulation is the likelihood that we could have a repeat of a situation that happened here in Hartford about three or four years ago in which a nonprofit corporation which is very easy apparently to form, engaged in the debt adjustment business, apparently in a legitimate way for a short time and they started becoming very slow in remitting funds to creditors and there ended up being somewhat over \$20,000 taken from the hands of people who can very ill afford it. And the terms of the settlement with the judge didn't provide for repayment of any of these people, and we would hate to be put in the position where we were not able to monitor that.

REP. ONORATO: Thank you.

REP. VARIS: Any further comments on 5329? The next bill the committee will take up is 5506. We'll take those in favor first. Anyone want to speak in favor of 5506?

MR. LAMB: Mr. Chairman, members of this committee. I'm Gerald Lamb. I'm speaking for Connecticut Bankers Association. We wish to go on record as opposed to Bill 5506, the bill commonly known as an act requiring a credit check before opening a checking account. The Connecticut Bankers Association is opposed to this type of requirement because