

should be pulled into this committee is the review of everything that we do have out in the States in terms of creditor remedies, No. 1. Because to eliminate one segment without consideration of all of them I think could be wrong. Now, that was mentioned in testimony yesterday. I think we should look at the various creditor remedies. I think we feel more strongly about some than others.

But finally, I don't think any of us would object to there being features of the control of garnishments which would eliminate the kind of thing that you are talking about, and I am not sure we should eliminate the kind of thing that you are talking about, and I am not sure we should eliminate garnishments entirely without considering all creditor remedies.

Mr. GONZALEZ. Thank you very much. My time has expired.

Mrs. SULLIVAN. Mr. Fino?

Mr. FINO. Thank you, Mrs. Sullivan.

Gentlemen, for my own edification, let us take a balance of \$25 and also let us take a month of 31 days.

Do I understand you gentlemen correctly that the 11½ percent service charge is made on the balance of \$25 on the first of the month—the 11½ percent service charge is made on the first of the month on that balance of \$25, even though the customer during that month has bought on credit another \$50 worth of merchandise, is that correct?

Dr. WOOLEY. His balance now stands at \$75?

Mr. FINO. Right, but the interest charge at this point still is 11½ percent on the \$25 which was at the beginning of the month.

Dr. WOOLEY. Yes, sir.

Mr. FINO. During that month the customer has purchased \$50 worth of merchandise. Now, if the customer pays off \$60 on the 31st of that same month, will be the 11½ percent charge be based on the \$15 balance the next day, which is the first of the new month?

Dr. WOOLEY. No. It will be based on the \$25.

Mr. FINO. The same original \$25?

Mr. WOOLEY. Yes.

Mr. FINO. You say that the service charge is based on the balance at the beginning of the month. Is it the previous month that you are talking about?

Dr. WOOLEY. Yes, sir. If that purchase were to have been made prior to the first of the month in order to be a balance—I should say that purchase would have had to be made prior to the first of the month in order to be on that balance.

Mr. FINO. Let us take July 1.

On July 1 I have a balance due to Sears, Roebuck & Co., your competitor—\$25 the 1st of July 1967. During that month I go to the Sears, Roebuck & Co. and buy \$60 worth of merchandise or \$50 more worth of merchandise. But before August 1 I pay off \$60 toward my balance which was \$75. So that on August 1 my balance is \$15.

Now, are you telling this committee that the charge of 11½ percent is not on the \$15 but on the original \$25 bill?

Dr. WOOLEY. Yes, sir.

Mr. FINO. Why?

Dr. WOOLEY. Because that amount was the amount that was outstanding in a previous month. The individual had to make that purchase prior to the 1st of July.