

Mr. FINO. Well, purchases were made prior to July and were carried over into July 1, that balance. During that month I made purchases and I made payments so that in the next month, August 1, I have a balance now of \$15.

Why should I pay a service charge on the original \$25 when I have paid off \$60?

Dr. WOOLEY. The basis is that the service charge is charged on a month—a beginning-of-the-month balance. We are not trying to associate it with an interest rate, we are just charging that service charge based on a point in time. The very first case up there is a perfect example. That particular customer's balance on February 1 is \$42.26—\$41.26. The service charge is 48 cents on February 28. This example does not show that on January 31, the person made a purchase of \$15. The 48 cents is 1½ percent of \$32.26, which was the balance in the account when the service charge was computed. In other words, they made a purchase as of that balance. So yes, the individual can have a smaller balance at the end of the month when the statement is rendered and still be charged a service charge on the larger balance from the beginning of the month.

But conversely, an individual can have a large balance at the beginning of the month paid off and have no balance and receive no service charge.

Mr. FINO. It is common knowledge and indisputable that in order to have charge accounts and service charges and in order to keep books and records you have to have additional employees—an accounting department, so to speak—many employees. Now, taking this account, is this basic—what account is this here, the actual customer's account?

Dr. WOOLEY. From a small store in Virginia.

(The following letter was subsequently received for inclusion in the record:)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 18, 1967.

HON. LEONOR K. SULLIVAN,
House of Representatives,
Washington, D.C.

DEAR MRS. SULLIVAN: Enclosed herewith you will find a copy of a letter I have recently received regarding the authenticity of Dr. James Wooley's testimony before the Subcommittee on Consumer Affairs.

I would very much appreciate it if you would have this statement be made a part of the record of the Subcommittee.

Kindest personal regards.

Sincerely,

LAWRENCE G. WILLIAMS,
Member of Congress.

SOUTHERN DEPARTMENT STORES, INC.
Petersburg, Va., August 11, 1967.

HON. LAWRENCE G. WILLIAMS,
Consumer Affairs Subcommittee,
House Banking and Currency Committee,
Washington, D.C.

DEAR MR. WILLIAMS: I am advised that some question was raised regarding the authenticity of the revolving credit account introduced during the recent hearings of the Consumer Affairs Subcommittee of the House Banking and Currency Committee, by the American Retail Federation witness, Dr. James Wooley. This account is an actual one selected from the credit files of a store owned and op-