

1. Mr. DeShazor in connection with this \$10 exemption, you talk in your prepared statement about "the vexing administrative problems which are particularly burdensome to small business." Now, certainly, we appreciate your acting as a spokesman for small business; but, in fact, you are a representative of very big business, are you not, and the fact of the matter is that Montgomery Ward, with its electronic computers, would have very little difficulty in complying with the provisions of this act. Is that not so?

As far as small business is concerned, small businessmen do not seem to have too much difficulty in computing the sales tax they must charge customers and I frankly do not think that when regulations have been issued and rate books have been devised, that they will have any more difficulty in complying with the requirements of this legislation.

2. Next, Mr. DeShazor, you criticize the advertisement disclosure provisions of this bill, suggesting that it would discourage advertisement of credit terms because of fear that the ad would not make proper disclosure of such information. However, isn't it a fact that the Food and Drug Administration and the Federal Trade Commission have been dealing with problems of misleading labels or advertisements for years and we certainly don't seem to have suffered from any diminution of advertising as a result of their efforts. If truth in such advertising has not produced the dire results you fear, why do you suggest that truth-in-credit advertising would produce such dire results?

Now, Mr. DeShazor, I believe you have a concluding statement.

MR. DESHAZOR. If I can rush through this I would like to.

It has been talked about a good bit in the testimony before and we do have a point which we wish to make. This is on installment credit.

With regard to the requirements prescribed for closed-end or installment credit, we urge this committee to retain the exemption for annual rate disclosure in the case of installment transactions in which the total finance charges do not exceed \$10.

I want to make sure that the reasons for not requiring annual rate disclosure in small transactions where the finance charge is \$10 or less are fully understood.

First, this feature is applicable only to installment accounts. It has no application to revolving charge accounts.

I was not sure some of the witnesses yesterday understood that point.

Second, let me make clear that S. 5 requires all of the other elements of disclosure—the cash price, the amount of the financing charge, the amount of each monthly payment, the date of each monthly payment, and the number of monthly payments. The only thing that S. 5 does, is to exempt the small transactions from the one requirement of annual rate disclosure—all of the other requirements of disclosure must be made.

The primary reason for the \$10 exclusion is to preserve the extension of small amounts of credit to consumers. In addition, it would relieve some of the vexing administrative problems which are particularly burdensome to small business.

The exclusion is included in H.R. 11602 but was not incorporated in H.R. 11601. It has been endorsed and supported by the Federal