

department store account is figured—the way this one that he is talking about is figured?

Father McEWEN. We can turn that question around and ask Mr. Williams if that company levies an 11.6 annual service charge. And it doesn't.

Mrs. SULLIVAN. On each month?

Father McEWEN. On any month.

Mr. WILLIAMS. I don't quite get your answer. Mrs. Sullivan asked if you felt that this was the way this store, department store, actually computed this customer charge during the year.

Father McEWEN. When they levied a service charge they did not levy an 11 percent annual charge.

Mr. WILLIAMS. They levied something else which resulted in 11.49 percent.

Father McEWEN. Right. They levied an 18 percent charge which, counting all free periods and everything else, comes out to the figures you have got there.

Mr. WILLIAMS. Don't you agree that it would be an injustice to force the store to say that "We are going to charge 18 percent annually" when they are only charging, say, 11.49?

Father McEWEN. Not a bit, because that includes all the free days. And I agree with Mr. Walker that we must and can devise a formula that can be applied to them all. And you should ask, excluding the number of free days of grace, and taking the time when and if the charge is levied, at what are you levying the charge?

Mr. WALKER. I say it can be done. But let's not kid ourselves that this is what Paul Douglas was saying in 1960. We are all mixed up with semantics here whether you are talking about the charge you levy or the simple annual interest rate that the fellow who gets the credit pays. If you are asking if he pays 11.49 on the average, if you are asking the maximum rate you might pay, it is 18 percent. It is strictly semantics but I want to rise to the defense of the First National Bank of Boston. You said it is the finest business institution in the city. I will not disagree, except that all other banks up there are just as fine, too, the way I look at these things.

If they had not published this ad in this way—and particularly Mr. Minish wanted me to respond to this point—if this ad had not been published as 33⅓ percent off, 18 percent a year, the First National Bank would have been in violation of section 4 of the Massachusetts act, chapter 587, which requires them to advertise in precisely this way. And this is why the State is now being sued by a major retailer, because they say it is not true. They didn't have any choice.

Father McEWEN. Do you mean that they deliberately published a false ad?

Mr. WALKER. They published an ad which they could only publish under the law if they were trying to tell the rates you would pay on your bank credit card.

Father McEWEN. That is the same question. They published a false ad.

Mr. WALKER. What is false is what the State of Massachusetts says is false in all of its legislative rulings.

Father McEWEN. I can't accept that. They know that that is accurate.