For the record, my background is as follows: I graduated from Southern Methodist University with a B.A. Degree in Economics in June of 1927. The fall of the same year I was appointed by the late Hatton Sumners, then Representative in Congress from the Fifth District of Dallas, to be his secretary and served in that position for three years. In 1932 Mr. Sumners appointed me Clerk of the Judiciary Committee of the House of Representatives and I served in that position from 1932 until 1939 when I was appointed Assistant Director of the Administrative Office of the United States Courts. I served in that position until July 1, 1957, when I resigned to become Referee in Bankruptcy. I studied law in Washington and Texas and was admitted to the Bar of Texas in 1934 and to the Bar of the United States Supreme Court in 1938. I am a member of the Supreme Court Advisory Committee on Bankruptcy Rules, the National Bankruptcy Conference, Secretary-Treasurer of the National Conference of Referees in Bankruptcy, and Editor of the quarterly Journal of the Conference.

PROHIBITION OF GARNISHMENT OF WAGES

Title II of H.R. 11601, on Page 33, prohibits garnishment of wages or salary due an employee and attaches a criminal penalty for the violation of the Act.

In my opinion the enactment of this provision would result in an immediate and drastic reduction in the number of bankruptcy cases filed in the United States. It would not of course prohibit those who engage in "predatory extensions of credit" as that term is used in the bill, from pursuing their debtors and attempting to collect debts by harassment, or other direct means, or legal action outside the Bankruptcy Court.

Texas in its Constitution and Statutes has a prohibition against garnishment of current wages. The provisions of the Constitution and Statutes are as follows:

CONSTITUTION OF THE STATE OF TEXAS, ARTICLE 16, SECTION 28

Sec. 28. No current wages for personal service shall ever be subject to garnishment.

VERNON'S TEXAS STATUTES ANNOTATED, ARTICLE 4099

ART. 4099 Current wages.

No current wages for personal service shall be subject to garnishment; and where it appears upon the trial that the garnishee is indebted to the defendant for such current wages, the garnishee shall nevertheless be discharged as to such indebtedness.

It is my considered judgment that it is the result of these prohibitions and not a mere coincidence that the Bankruptcy Courts in Texas have a far smaller number of wage earner cases than States of lesser populations which have severe garnishment statutes.

It has been, I believe, the finding of investigators who have studied the matter that garnishment of wages or the threat thereof triggers the filing of the great majority of no asset wage earner cases where the only object of the proceeding is to secure a discharge in bankruptcy.

The prohibition of garnishment of current wages has by no means put loan companies out of business in Texas. To the contrary, as far as I can observe there are as many loan companies operating in Dallas as in cities of comparable size in States which have garnishment statutes. But we do not hve the flood of no asset wage earner bankruptcy cases which they have.

Mr. WHITEHURST. Some of the bankruptcy referees in other States with severe garnishment laws handle 10 times as many cases in number as I have.

I have about 200 pending cases where they may have 2,000 on their docket. But that leaves me free to handle the type of cases which I think the Bankruptcy Act was really enacted to take care of. For example, at the present time through various trustees and receivers, I am operating and trying to rehabilitate with some degree of success, among other concerns, an aluminum extrusion plant, several oil companies, an ice cream factory, and an apartment house and motel.