

Mr. MORIARTY. Perhaps you have been in touch with these people but I would be very happy to follow this up with some further written documentation for you.

Mrs. SULLIVAN. I wish you would do that.

Mr. MORIARTY. I have delivered to the committee the following documents:

1. Pertinent section of the California Civil Code (Unruh Act) relating to credit sales.
 2. The complete text of the Rees-Levering Act; California Automobile Sales Finance Act.
 3. Pertinent section of the California Financial Code relating to small loan companies.
 4. Pertinent sections of the California Code of Civil Procedure relating to wage exemptions.
 5. Pertinent sections of the California Labor Code relating to assignment of wages.
 6. Wage garnishment in California: A study and recommendations—California Law Review article by George Brunn.
 7. Miscellaneous reports and papers relating to recent legislative efforts to liberalize the wage exemption.
- (The documents referred to may be found in the appendix, p. 980.)
(The complete statement of Mr. Moriarty follows:)

STATEMENT OF JAMES E. MORIARTY, REFEREE IN BANKRUPTCY, U.S. DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

Madam Chairman, I am James E. Moriarty, Referee in Bankruptcy, serving the United States District Court for the Central District of California. I have been a Referee in Bankruptcy since January 21, 1963. Prior thereto I had devoted my entire legal career to the service of the Federal Government, serving in many legal capacities. My presence here today is to assist, as best I can, the Committee in its consideration of HR 11601, which is known as the "Consumer Credit Protection Act."

I would like to state at the outset that the position I hold does not permit me to make a policy recommendation for or against the pending legislation since this is solely within the jurisdiction of the Judicial Conference of the United States. However, I would like to relate to the Committee my experiences as a Referee as it is pertinent to the legislation under consideration.

In the four-and-one-half years that I have served as a Referee I have handled 8,210 bankruptcy matters. Of this number approximately 90%, or roughly 7,500, have been what may be referred to as straight bankruptcies filed by wage earners. It is my understanding that it is in this area that the Committee is most interested. It has been my experience that most persons seeking the protection of the Bankruptcy Act come before the Courts because of excessive medical bills, lack of employment, domestic discord, easy credit, and other factors. While it may sound strange, we had a very nasty experience several years ago in which certain debt consolidating firms, or pro raters, actually caused a number of persons to come to the Bankruptcy Court for aid. I am sure that each member of the Committee is well aware of the series of articles written by Miss Miriam Ottenberg, which appeared in the Washington Star within the last six months. This series of articles dealt with the vicious procedures used by many debt consolidating firms.

California, and particularly the Central District of California, which encompasses the metropolitan area of Los Angeles, has been referred to as the bankruptcy capital of the world. The figures support this dubious honor. But the figures do not tell the entire story. It has long been the practice of the State of California, dating back to the days immediately following WWI, that persons, particularly servicemen, were encouraged to come and settle in California and were given certain tax incentives on their residential property. This policy has