

B. Of these contractual cases, 75% are filed by what is commonly known as collection agencies (2/3rds of the total cases filed).

1. That in over one-half of these cases judgment was entered by default.

2. That in only 8% were the defendants able or willing to file an answer.

C. That 30% of the cases filed in the Los Angeles Municipal Court would be filed in the Small Claims Court, except that an assignee cannot sue in such court, nor will a writ of attachment be issued.

D. It is a fair conclusion that the results of the examination covered herein substantiates the articles referred to by George Brunn for the San Francisco area.

Mrs. SULLIVAN. Thank you, sir.

I just wish before we start questioning you if you would tell us something about the kind of case where a loan company or a store will have the borrower fill out an incomplete financial report.

Mr. MORIARTY. Very happy to do that.

Mrs. SULLIVAN. Leaving out certain debts at their suggestion, so that the borrower cannot later have that debt discharged through bankruptcy.

Mr. MORIARTY. I hope Mr. Jackson won't mind if I drift into S. 578 in answering that. That's the bill we hope someday will give the bankruptcy court the right to determine the dischargeability of debts.

Let me first go back. You asked a question a moment ago which I would like to clear up. You asked about the confession of judgment. They are not permitted in California. That is the type of situation where, when I come in to borrow money from you I sign a confession at that point. Now, we were talking about deficiency judgments. In California we have a great number of deficiency judgments in automobile financing.

Under our other type credit sales which are covered by—we refer to that as the Unruh Act—deficiency judgments are not permitted, but with automobiles you can recover your deficiency.

Now, a small loan company, and I don't want to pick on them as a particular one, but just take them as an example—they give to a borrower an application, maybe the size of this [indicating]. It has certain basic employment information and then you will find an area which says, "Creditors" or some similar type of wording. It may have three lines. I have never seen one that has more than five lines. So, here is a man going to a small loan because he cannot get a conventional loan and at the most there are five spaces on that piece of paper. I am relating now the story that I hear daily—Well, why didn't you list all your creditors?" "There were only five spaces and I talked to the man at the counter and he said list the most important ones and I didn't list any more." This is the area in which the small loan company has a very commanding position. They will rarely file a claim in a bankruptcy proceeding. They will not even repossess the furniture. But this man has filed a statement with the finance company and says I owe (a), (b) and (c) companies. So at the bankruptcy proceeding the attorney for the creditor will come and say, "Well, Mr. Bankrupt, on the date you filed this application, didn't you owe (x), (y) and (z) some money?"

"Oh, yes."

"Well, they are not listed on your application, why not?"

"Well, I was just told to put the three largest ones."

"Who told you this?"