

"I don't remember his name but he was in charge there."

These people move about and he couldn't remember the name.

I can see what is happening there and I am sure the gentleman at the table can see the same thing. This man will get his discharge about 6 weeks after his first meeting of creditors.

After he has gotten his discharge—and you must remember the small loan company will rarely object to the person's discharge. He will get his discharge, the discharge will generally eliminate all other debts—the small loan company has a false financial statement which is not dischargeable under chapter 17 of the Bankruptcy Act.

They go right across the street in the State court, they sue and the man says, "I got a discharge." "Sorry, you gave a false financial statement. You owe the finance company \$400 plus attorney's fees for bringing this action." So the man walks out of bankruptcy court, thinking he is ready to start a new life suddenly finds he still got the finance company to contend with.

And at this point he has lost—while he is in bankruptcy they cannot harass him—we grant restraining orders. Suddenly he is out of the bankruptcy court, the creditor got a judgment in the State court and there is no way that this man can keep from being garnisheed. So that is the aftermath of what happens after we perform the services for them—they still have to face up to these other problems.

It is one that is very frustrating because I get calls and I am sure the other referees, too.

Maybe this gentleman doesn't get one like this in Texas and they call up my office and they insist on talking to me. I will talk to these people. They say, "I got a discharge, how can they do this to me?"

Many times they do not have an attorney, they came in without the benefit of an attorney or if they had an attorney the attorney has been paid and he doesn't want to talk to them. So you just have to tell him, yes, they could be sued in the State court and it is up to the State court to determine whether these debts are dischargeable.

The question is, I asked them, why didn't you tell us that?

Mrs. SULLIVAN. This is what I wanted to get into the record.

Before I turn the questioning over to Mr. Bingham—we are going to start at the lower end again—I want to say that I am so impressed with the four statements that you gentlemen have made that I am going to see if we can't get some attention paid to them. I am going to put them in the Congressional Record next Monday because these things should be known.

People should read them.

Mr. WHITEHURST. Madam Chairman, I mentioned earlier that in my spare time and on weekends I edit the Journal of the National Conference of Referees in Bankruptcy. If the committee wishes I will be glad to file a copy of the July 1966 issue of the Journal containing an article entitled "Schlockmeister's Jubilee—Bankruptcy for the Poor," by Ralph Brendes and Lawrence Schwartz. This was given at a consumer conference at the University of Chicago. It is a very perceptive article outlining the ways in which a discharge in bankruptcy does not always give the poor bankrupt the relief he thinks he is going to get.

Also, a copy of the October 1966 issue which contains a reprint, in convenient form, of the opinion of Referee Bare.