

doctor said that if she had tried it once, it might happen again and advised bankruptcy as a therapeutic measure.

Very often when I do have these no-asset wage earner type of bankruptcies, they are filed because doctors have recommended that bankruptcy be taken to get some relief from the harassment and the pressures which were driving sensitive people into nervous prostration.

Mr. BINGHAM. Thank you, Madam Chairman.

Mrs. SULLIVAN. Really, with such good witnesses it is a shame to have to limit the members to just 5 minutes of questioning. But again, if we submit questions, I hope the witnesses will answer them when the transcript comes to them for correction.

Mrs. Dwyer?

Mrs. DWYER. Thank you, Madam Chairman.

I must say that your testimony this morning was both revealing and shocking and I thank the gentlemen for bringing this before the public.

I have several questions, one to Mr. Whitehurst. Secretary Barr told us the other day the Federal Government itself was probably the largest factor in garnishment in endeavoring to collect income taxes. Since the Texas Constitution prohibits garnishment, does that mean that the Federal Government cannot institute garnishment proceedings to collect income taxes in Texas?

Mr. WHITEHURST. No, Madam, it does not. The Internal Revenue Service takes the position that those provisions of the State constitution and statutes do not apply to them or are overridden by the Internal Revenue statutes and they do and have to my knowledge attached wages of discharged bankrupts.

In one case I recall it was a very great hardship to the woman secretary who had recently been discharged and found her wages attached. As you know, a discharge from bankruptcy does not discharge the bankrupt from liability from taxes except to a very limited extent.

Mrs. DWYER. Will any of the other panel care to comment on whether you have any difficulty with the Internal Revenue garnishing salaries?

Mr. BARE. In my district, no. Occasionally I am sure the Internal Revenue Service does garnish wages for the collection of taxes but I don't think that is a major problem.

Mr. DWYER. Mr. Whitehurst again, I noticed in your testimony—

Mr. MORIARTY. I am not aware of it being a problem in California. We do have problems with Internal Revenue but not in this area. We have it where they will close down a small business, force a business into bankruptcy and we have been most successfully working out agreements with Internal Revenue that permit us to sell. Because many times their lien is quite small and they grab—they padlock the entire business.

Many times you can sell just a portion of the property and pay them off and still have something to salvage for the creditors which is our chief concern.

Mr. DWYER. Mr. Whitehurst, I noticed in your testimony you mentioned some department store had a sign over the cash register. Would you care to enlarge on that and tell us the name of the department store?

Mr. WHITEHURST. Woolco—W-o-o-l-c-o. I think it is a division of the Woolworth stores. I was making a small purchase and they asked