

me if I wanted to add it to my account and obviously it was done as a part of direction to the sales person or to the cashier—it is one of those self-service-type stores and I noticed the sign this large on the cash register that said something to the effect, be sure and ask if this purchase can be added to your charge account. I didn't have an account.

Mrs. DWYER. You object to those proceedings?

Mr. WHITEHURST. I didn't object to it. I don't object to it. I think it is perfectly all right but I use that illustration to demonstrate the fact that the absence of a garnishment law doesn't to my observation decrease the extension of credit in the State of Texas.

As far as I can see credit is sold and advertised and earnest efforts are made to get you to open charge accounts and to take revolving charge accounts on which carrying charges of $11\frac{1}{2}$ percent a month are added, which is 18 percent a year. I could stand on the steps of the courthouse and almost throw a rock through a half dozen different loan company offices.

So I have seen no evidence of diminution in the amount of credit extended by reason of the absence of a garnishment law in the State. That is what I had in mind.

Mrs. DWYER. Thank you very much.

Mr. BARE, you cited a case of flipping loans in which you said there were \$2,900 in charges on \$1,500 in loans and you reduced the charges to \$1,500. That is 100 percent of the loan, is it not?

My question is, Why did you not reduce the charges far below \$1,500 or 100 percent of the loan?

Mr. BARE. That was the decision in the *Branch* case. The amount received by the debtor—he borrowed money from the loan company on five occasions within 11 months. The total amount that he received from the loan company was \$1,548.02. There were interest charges on those loans of \$716.58; investigation fees of \$185.04; insurance premium, \$678.41; recording charges, \$9.50. During that period the debtor repaid \$287.85. When the loan company came into the bankruptcy court they said the debtor owed \$2,870. I reduced that claim to the amount of cash that the debtor had received in these five loans, plus a legal rate of interest. I felt the loan company was entitled to get its actual money back which I allowed plus legal interest. I eliminated investigation charges; I eliminated all insurance premiums because the debtor testified that he had never requested the loan company to write the insurance. The insurance was written by the loan company manager.

Mrs. DWYER. One more question. All of the previous Government witnesses have recommended that the garnishment provisions of the bill not be included in this credit charge disclosure bill saying that garnishment needs far more study and if there is to be a Federal law it should be separate legislation.

All of you apparently disagree with the administration. How do you explain this?

Mr. MORIARTY. I think you have two questions there. We have been asked to testify on the advisability of abolishing garnishments. The bill contains other features as well.

As a matter of fact, the features relating to SEC, I don't think any of us could give you a good answer on that because that is not in our operation.