

The seller would be able to make it clear that if the buyer pays up in one month, for example, there is no charge.

The bill as written provides for reasonable tolerances and also permits the proposed administering agency to make adjustments and exceptions for any class of transactions if the agency finds this necessary to secure compliance. If a revolving credit seller maintains that his charge of $1\frac{1}{2}$ per cent a month is actually lower in terms of simple annual interest, because of his method of calculating these charges, then—as I read this bill—he can make a showing of why his annual rate differs (if $12 \times 1\frac{1}{2}$ actually can differ from 18) and what tolerances, adjustments and exceptions may be fair and reasonable.

After the seller states the required formula he still has the right to make a reasonable and accurate explanation of why one plan may have advantages over another even though both charge the same periodic rate.

Another useful addition in the House bill is the inclusion of debts on which the finance charge is \$10 or less. Otherwise not only many of the high-rate "pay-day loans," but such fees as an extra charge if you arrange to pay part of your auto insurance later, would not be covered. The insurance company would not have to tell you that a charge of \$2 of repaying, say, \$40 three months later, is really the equivalent of a true annual interest rate of 20 per cent.

Another danger is that the practice of loan companies in some areas, of making several small loans rather than one loan, will spread. Selma Cash Paty, a Chattanooga lawyer, reported a \$39 loan renewed 18 times. The borrower got a total of \$443 and repaid \$653 including \$63.88 in "investigation fees."

With regard to the proposed ban on garnishments, this ban would do more to eliminate many of the credit deceptions now used on working people than any other action Congress or the individual states might take. There are a number of potential tools of deception written into most state laws which high-pressure sellers use. These include the right to repossess and also get a deficiency judgement; the confession of judgement note which waives any defenses the buyer may have and the "holder in due course" provision which absolves the finance company or bank of any responsibility for the seller's lack of performance or even outright verbal misrepresentation, even though the finance company may be perfectly aware of what is going on.

But the garnishment is the lever of final coercion that makes most of these other tools of deception work. Often an unscrupulous seller does not even have to get a garnishee. He can merely threaten it and the victim often is frightened into paying even an unfair bill for fear of job loss. Often even the actual threat is not necessary when the victim knows that his employer fires for a garnishee, or at best condones only two or three.

Here is the kind of awful incident that has been repeated actually hundreds of thousands of times in recent years in referral selling schemes, food freezer plans, carpet selling schemes, overpriced home improvement jobs, fake correspondence schools and so on, with no way to stop these schemes as long as the garnishee law exists. A woman in Kansas City, Mo., wrote me:

"A salesman came to my house with a camera. The setup was like this. You pay \$20 for the camera and that is all you have to pay. Then you send the company customers and the camera is supposed to be yours. I sent the company over 20 customers and received no credit. Now they say I must pay for the camera because I signed the paper. I have a witness that I told the man if there was any more money involved I could not take the camera. These people sold the papers to a finance company. They have come four times to the company where I work, to garnishee my wages. I sent the camera back because I told them I could not afford to pay such a price—over \$400.

"The company has the camera but they say I still have to pay. I have talked to three lawyers and I get no help. They say I still have to pay. So far I have lost four days work over this matter, with all kinds of trouble at work. I am a woman of 50 with a 12-year-old child to support. I need the little bit I make for living expenses."

This woman is caught like a mouse in a trap. The trap is the state credit laws—stacked on the side of the seller and the finance company.

She has no place to turn. She went, not only to the lawyers, but to the Better Business Bureau and the Legal Aid. "No one seems to be able to help me," she says.

Many times working people return partly-paid for goods in the belief that this will square off the debt, or because the machine does not work, or because they