

ANNUAL PERCENTAGE RATES BASED ON SMALL LOANS RATE PERMITTED BY LAW

If a finance company advertised this some chart it would read as follows under our Truth-in-Lending law :

Amount	Annual percentage rate		
	12 months	18 months	24 months
\$350.....	29. 90	30. 50	31. 11
\$500.....	28. 73	29. 30	29. 84
\$1,000.....	26. 36	26. 84	27. 31
\$1,500.....	23. 26	23. 67	24. 02
\$2,000.....	20. 68	21. 00	21. 26

Mr. WILLETT. Thank you.

Mrs. SULLIVAN. I want to say also that Mr. Klein's statement will also appear in the record in full. Mr. Meade?

STATEMENT OF HON. ROBERT L. MEADE, ASSISTANT ATTORNEY GENERAL FOR THE COMMONWEALTH OF MASSACHUSETTS AND CHIEF OF THE CONSUMER PROTECTION DIVISION OF THE DEPARTMENT OF THE ATTORNEY GENERAL

Mr. MEADE. My name is Robert L. Meade. I am an assistant attorney general for the Commonwealth of Massachusetts and chief of the consumer protection division of the department of the attorney general. In this capacity, I am in charge of all matters relating to consumers' problems, and I have responsibilities in regard to our truth-in-lending law and our Truth-in-Installment-Sales Act, which I will call the truth-in-credit laws. In addition, I serve as the attorney general's representative on the Massachusetts Consumers' Council, an agency in the executive branch of our State government. Between both of these positions, since January of this year, I have come to see our truth-in-credit laws at work and I am convinced that they are of considerable benefit to consumers and that they impose no undue hardship on legitimate businessmen.

They have not stifled trade in Massachusetts nor have they brought about any recession; they have not provided unworkable practice nor have they resulted in the curtailment of consumer finance. Indeed, I can think of few laws on the statute books of Massachusetts that have helped to clear up so many areas of consumer discontent, or that have led to better relationships and understanding between business organizations and those who buy their goods or services. One only has to look back to the years immediately preceding the enactment of this law to see the plethora of complaints regarding credit transactions; persons who thought that the cost of credit was much lower than it actually was; persons who discovered that "easy financing" was not so "easy"; persons misled by typical advertisements of rates and credit.

Even quite sophisticated people were unable to determine the true cost of their credit transactions and many were understandably shocked to discover that what they thought to be 6 percent annual interest turned out in fact to be almost double that rate. Surely if disclosure of the true annual rate of interest would deter anyone from