

**STATEMENT OF WILLET SMITH, CREDIT MANAGER, LECHMERE
SALES CO.**

Mr. SMITH. Madam Chairman and members of the subcommittee, you have asked that I appear before you today in connection with H.R. 11601, the Consumer Credit Protection Act, and other related bills.

Gentlemen, I wish to make it clear that my testimony is based solely and completely upon our actual experience under the Massachusetts truth-in-lending statute.

The Massachusetts credit law became effective November 1, 1966. In order to comply with the act the retailer was obliged to change his credit forms and credit applications. Except for the minor cost of changing these forms and applications, there was no extra expense to the retailer as a result of the passing of this law.

Lechmere Sales does about \$45 million volume annually of which approximately \$22 million of business is done on credit. Of this amount \$20 million is done on revolving credit and the balance on conditional sales contracts. We encountered no problems of any consequence either with our record keeping or our customers as a result of this law.

So far as I have been able to determine the law is informative and fair for the consumer, workable and helpful to the businessman. It prevents tricky selling of credit programs which often call for low monthly payments but include a balloon-ending note which is triple or quadruple of any other scheduled payment, thereby hiding the true cost to the consumer.

It is my feeling that anything that is good for the consumer is good for business. I believe that this law is good for the consumer because it corrects abuses in the extension of credit and eliminates gimmicky selling and advertising of credit.

I know of no instance where Lechmere Sales lost a single sale because the law requiring that the customer be informed of the true interest rate or because of the use of the new credit forms or application for credit.

A national truth-in-lending bill will permit companies doing business in different States to operate under reasonably uniform credit disclosure laws rather than under a completely different set of laws in each State of the United States.

I heartily endorse the law as passed in the Commonwealth of Massachusetts based on the experience of my company and myself as credit manager.

Mrs. SULLIVAN. Thank you, Mr. Smith. We are sorry that Mr. Ledbetter, assistant supervisor of the loan agencies in the Massachusetts Department of Banking, could not leave the jurisdiction because of a trial in which he is a witness, but we are glad that Mr. Meade could come.

We have a letter from Professor Willier of Boston College which will go into the record at this point.