

(The letter referred to follows:)

BOSTON COLLEGE LAW SCHOOL,
Brighton, Mass., August 5, 1967.

Representative LEONOR K. SULLIVAN,
Subcommittee on Consumer Affairs, Committee on Banking and Currency,
2128 Rayburn House Office Building, Washington, D.C.

DEAR REPRESENTATIVE SULLIVAN: A prior commitment of considerable importance makes it impossible for me to testify before your subcommittee concerning the consumer protection bill during the week of August 14. This is with the deepest regret because I have been fighting for over five years for such legislation and wish to help in any way now that victory is so close. I am certain, however, that my colleagues from Massachusetts will ably relate our experience over the past nine months with our new laws. The sudden death of Deputy Banking Commissioner Clair, who was our most effective advocate, was most untimely.

Let me say here, with all of the urgency which a letter can impart, that the exemption in the Senate bill for revolving accounts renders its rate disclosure feature virtually useless. Revolving accounts in both consumer sales and consumer loans are catching on fast across the country. A safe guess is that about 80% of all consumer credit transactions in Boston are now under some revolving credit plan. The exemption would have three effects:

- (1) There will be no rate disclosure in a majority of credit transactions.
- (2) Creditors now using instalment credit will shift where possible to the exempt revolving credit.
- (3) Shopping by the consumer for the best price for credit, the major purpose of rate disclosure, will be no more possible than it is now; in fact, rates in some but not all transactions will only add to the present confusion perpetrated by creditors.

The last effect, which is the most important to the consumer, will result as well from exempting real estate transactions and transactions which have a small dollar finance charge.

Thus, I strongly urge your committee and the House itself to retain inclusion of these transactions in H.R. 11601. A "truth in lending" law in name only will not serve well either the consumer or the Congress. It would be the grossest kind of hypocrisy.

I have read H.R. 11601 and must commend your draftsmen for a thorough and well-organized product. The delineation into three credit categories (credit sales, non-sale credit and open end credit) is well done. This is our approach in Massachusetts, but with somewhat less clarity.

In addition to rate disclosure, I suspect that the hardest opposition will come to the advertising, the 18% ceiling and the anti-garnishment provisions. If necessary for Committee and House endorsement, I would suggest compromise of these provisions, but not their omission. For example, by statute and regulation we require annual percentage rate disclosure in advertisements which set out precise terms, but do not otherwise prescribe content; garnishment below a certain sum—say, \$100 per week—may be prohibited with power in the Board to escalate that amount according to the cost of living index. If, after your hearings, such changes become necessary or desirable, I shall be most happy to assist in working them out or drafting them. This was my major function in connection with the Massachusetts statutes.

My congratulations on your courageous support of consumer protection legislation. I am personally aware of the nature and tactics of the opponents which require the strongest conviction to resist.

Yours sincerely,

WILLIAM F. WILLIER, *Professor of Law.*

Mrs. SULLIVAN. All three of you gentlemen have performed a fine public service in coming down here to tell us of your experience under the kind of effective truth-in-lending law which is part of H.R. 11601. In my opinion, your experience fully establishes that the fears and alarms expressed by some of our witnesses in previous sessions were based more on a desire to kill effective legislation than to help enact it. That is my opinion and, as I should add, may not necessarily reflect the views of all members of the subcommittee. But you have