

Mr. WILLETT. We have had cases up here where action has been forced to be taken. The legitimate businessmen who fortunately does the greater percentage of business similar to Lechmere Sales in his recent testimony, reveals an interest rate which is acceptable—has not been forced to change his methods of doing business or the rates charged.

The unscrupulous businessman has been stopped. Fortunately he is, I believe, a small percentage, but unfortunately a small group can quite often do a great deal in terms of destroying good public relations for all business. He is stopped immediately because of enforced requirements for revealing an interest rate. It is then a fairly difficult matter—a fairly simple matter, I should say, I believe, to regulate and stop this practice happening, although I believe the representative from Attorney General's office could qualify how simple it is in actual practice.

Mrs. SULLIVAN. Mr. Meade, I would like you to answer that, also. I would like to know what enforcement problems you have had in handling these cases. And I would also like to know what has been the reaction among the unscrupulous dealers. We all know them—and I am sure they have them in Massachusetts, just as we have had them in Missouri and other States. He charges more for his merchandise than he should and, in addition, the customer has no knowledge of what interest rate he is paying for credit, except that he is told that he pays so much a month for so many months. Can you give us any examples on what is happening among this group?

Mr. MEADE. Well, we have no limitation on what somebody can charge for his goods.

Mrs. SULLIVAN. I realize that.

Mr. MEADE. However, since they are limited in retail installment sales both on ordinary charge accounts and revolving credit accounts—there is a set limitation—competition would serve to keep the price at a competitive level; that is, the cost of goods totally.

The interest rates, then, are generally a maximum that can be charged under the law and the disclosure of these serves this purpose. But if a person decides that he cannot afford to pay 18-percent interest on a revolving credit account, then he has two choices. He can either shop for a better rate of credit—three cases—or he can shop for goods elsewhere and perhaps get a different price or thirdly he can decide that he doesn't need the type of goods that he may be buying. In this way regulation of credit has an indirect effect, I think, upon the total cost of goods that are sold and this in and of itself has helped clear up many problems. We just don't get a great many problems in this area. Most of the complaints that do reach my office really involves—or I think retail centers just by inadvertence forgot to put in some particular item that is required in our retail installment credit agreements. When that happens there are certain penalties in the law, both criminal and civil. I have not yet found it necessary to invoke any criminal penalty. Generally a simple call to the seller reminding him about this particular provision serves to clear it up. I haven't discovered any pattern of abuse by any retailer of this credit law.

Mrs. SULLIVAN. I wondered what enforcement machinery you use in Massachusetts and how it compares with the self-enforcement pro-