

vision of S. 5 or the administrative enforcement provision of H.R. 11601.

Mr. MEADE. The administrative enforcement is probably the simplest way in Massachusetts. For example, in the lending laws then either by banks or finance companies, if they abuse the law there—they are licensed—their license is subject to revocation by our banking department through an administrative process. There is—this is in addition to any criminal penalties that could be invoked against them. I think that the administrative sword of Damocles over their head is probably the most effective method, rather than the court proceedings.

Mrs. SULLIVAN. Could you tell me, Mr. Meade, whether S. 5, as now before us in the form in which it passed the Senate, would wipe out the requirements of your Massachusetts statute requiring an annual rate disclosure on revolving charges, first mortgages and items on which the credit charge is \$10 or less?

Mr. MEADE. No, I don't believe it would. We would require in Massachusetts and any provisions that go beyond S. 5 would still be included in our law.

Mrs. SULLIVAN. Are you positive of that?

Mr. MEADE. I will certainly take that position before our courts any time.

Mrs. SULLIVAN. The reason I ask that is that the intention of S. 5, as passed, seems to be to have the State laws supersede the Federal law, but only where the requirements of the State laws are "substantially similar" to those required in S. 5 and "not inconsistent" with S. 5. If your State law goes beyond S. 5, would that make it inconsistent with it?

Mr. MEADE. The question was raised whether our State law goes beyond S. 5 and if we were then inconsistent in what we require going beyond. Knowing the legislative history of S. 5, I don't think that is what is meant by the word "inconsistent." We would certainly take the position in Massachusetts, and I think correctly, that all of the requirements, not only of disclosure, but of substantive provisions in our act would still be effective, regardless of S. 5.

Mrs. SULLIVAN. Mr. Meade, what is your State law on confession of judgment notes? Do you permit them as part of the credit transaction?

Mr. MEADE. They are forbidden.

Mrs. SULLIVAN. Mr. Willett, do you think we should have in H.R. 11601 a provision similar to your installment sales law which gives the customer a cooling off period, after signing up for one of these credit deals, to get out of the contract?

Mr. WILLETT. Yes, very much so.

Mrs. SULLIVAN. At this point we will recess until some of the other members come back.

(Short recess.)

Mrs. SULLIVAN. All right, gentleman, let us resume.

Mr. Meade, I asked you about your State law on confession of judgment notes. Would you repeat your answer?

Mr. MEADE. I said confession of judgment clause is a prohibited term in installment credit agreements. This is part of our retail installment credit law that became effective November 1 of last year.