

Mr. WYLIE. What clauses in the constitution?

Mr. MEADE. It would be unconstitutional under our State constitution, and I suppose it would be to a certain extent, they are making the argument that it comes under the first amendment that they are not allowed to tell the truth by Massachusetts law. All I can say is—I don't want to comment too much about it since I represent the banking department in that regard—but what they are saying they cannot do, they can do. There is nothing in this act that prohibits them from saying what they want to say as long as they do not misstate the rate, which is 18 percent a year when the rate is in effect. They can go ahead and say that the rate does not become effective until 30 days or 60 days, or whatever the time period is. Nothing prohibits that.

Mr. WYLIE. Could I just ask one more question? The chairman has indicated my time is up. You have been very indulgent.

Mrs. SULLIVAN. I just want to be sure we can also give the other members time to ask questions.

Mr. WYLIE. I have one and a half more questions.

In the Penney lawsuit they are in effect saying that on the revolving charges where there are purchases during the month where they have these grace periods, if they do state 18 percent, that in fact is not true?

Mr. MEADE. The other half is that they are not allowing—that they are not allowed to go on further to state that, depending on the customer's schedule of payments on purchases, that it may work out to be less or that, in fact, there may not be any credit charge because he may pay within the 30- or 60-day period.

Mr. WYLIE. Are they prevented from doing that?

Mr. MEADE. Yes.

Mrs. SULLIVAN. Mrs. Dwyer?

Mrs. DWYER. Thank you, Madam Chairman. I do not know whether these questions have been asked or not.

When was the law passed in Massachusetts? What was the date of the signing by the Governor?

Mr. MEADE. The signing I don't recall—the effective—we have two laws—and perhaps this should be made clear to the committee. We have one law that regulates truth in lending, that is, the loans of money, and we have a separate law that regulates installment loans of goods and services. The Installment Sales and Services Act became effective November 1 of last year and the truth-in-lending law relating to money became effective the first of this year.

Mrs. DWYER. How long was it from the time the bills were signed into law and the effective date?

Mr. MEADE. Normally there is a 90-day period unless the bill has an emergency preamble to it, and this was approved—the truth in lending—the Truth in Installment Sales Act was approved on May 16, 1966, became effective November 1, and the truth-in-lending law was approved on August 31, 1966, and became effective January 1, 1967.

Mrs. DWYER. Do you think that in that short period of time—that it is ample to set up machinery to make the law effective? Would it disrupt anything in the retailer business?

Mr. MEADE. Well, Mrs. Dwyer—

Mrs. DWYER. Or should you offer a timetable?