

Mr. WOOLEY. No, Madam; it is not. It is not 18 percent, because regardless of the fact that the individual pays this, it is not. The fact still remains he is making use of the store's money or funds until such time as he does pay his bill. The store is paying, carrying him in essence and so there is a charge to the store for letting him use it whether or not he pays it or not.

Mrs. SULLIVAN. That has been done forevermore—the department stores have done this as long as they have been in business. It is to encourage the customer to come in and do more buying, knowing they don't have to pay for it until the end of the month.

Mr. WOOLEY. No question about it, but the fact still remains that the store is still carrying the individual.

The rate as compared to an annual true rate, under H.R. 11601, this is the rate which would be required on the statements of the retail establishment as they issue. This charge shows you actual rates paid for by customers in the store, in this particular store. These are the 40 accounts. They range from zero to slightly above 19 percent.

Let me emphasize:

1. No customer paid 18-plus percent, the presumed annual rate if the 1½ percent monthly charge were to be multiplied by 12, as the bill suggests.

2. Nearly half of the accounts paid less than 10 percent.

3. Three-fourths of the accounts paid less than 15 percent.

4. Four persons, or 10 percent of those sampled, did not incur any finance charges, although transactions were made.

If you insist on requiring people to say that they are charging 18 percent, these individuals who actually paid less than 18 percent would be deceived if they went to other sources and paid charges at higher than the rate, that you would actually be doing a disservice to such a consumer rather than a service by telling him he is paying 18 percent when in reality he is paying a much lower percent. This is a randomly selected sample.

It was not drawn out simply to illustrate our point. It was drawn out on an impartial basis and as a result of this drawing we calculated these percents. I think the illustration is very clear and points out again the impossibility of stating in advance the 18-percent figure.

Thank you.

Mrs. SULLIVAN. Mr. Fino?

Mr. FINO. What is the highest figure you have there?

Mr. WOOLEY. 19.4.

Mr. FINO. Can you give us an illustration of that type of account?

Mr. WOOLEY. I think I could fall back to Mrs. Newman's comment where she said if an individual happened to pay the day after the service charge were imposed it could go as high as 540 percent.

The fact is that this customer happened to pay just a little bit ahead of the billing cycle and as a result went slightly over 18 percent. What does happen, though, as illustrated by this chart, most people do not pay in that manner. Most people are around the 10-percent category.

Mrs. SULLIVAN. Let us go back to Mr. Kimball's charge account billing record.

Here he gives an example on the monthly or 35-day statement which