

I commend you and certainly welcome you here this morning.

Mrs. Newman raised an interesting point. I think she pointed out that the $11\frac{1}{2}$ percent interest, monthly interest is misleading and likewise a statement of 18 percent annually could be misinterpreted; is that right?

Mrs. NEWMAN. What I said was, that the 18 percent is no less true than the $11\frac{1}{2}$ percent, and actually, it is what we are being charged, not what we have to pay that we want to know.

Mr. HALPERN. Since Sears, Roebuck was mentioned this morning I would like to ask whether it is true that under its billing system either monthly or annual interest is mentioned?

Can you answer that possibly?

Mr. WOOLEY. I received a bill from Sears, Roebuck just last week.

Mr. HALPERN. If this is not so, is it true with other consumer credit retailing?

Mr. WOOLEY. With the permission of the chairman I would like to introduce Mr. Cianca who is an expert in retailing who is responsible for a number of retail clients who can answer the question which you directed and which is also related. He is here, sitting right in back of me. I would like to have him answer the question.

Mr. CIANCA. Thank you. All invoices on revolving credit will state $11\frac{1}{2}$ percent. It also will state what the service charge was for a month. They will have opening charge, new purchases, credits, final balance. They also will state what is required of a payment from a customer on a revolving credit term. Each customer is appraised for credit purposes and the store tells the lady she may buy \$100 worth of purchases over a period, 6 months, say.

If she pays one-sixth each month she can then buy another sixth. So the \$100 goes as revolving credit. She buys and pays and buys and pays. Those terms are spelled out on the statement she gets monthly. It is also spelled out in the application she makes whenever she comes in for her credit.

This is pretty generally true of all the chain stores.

Mr. HALPERN. Isn't she allowed to buy more than that \$100? Buy and buy?

Mr. CIANCA. Not on her credit. She is given the credit limit of \$100. If she goes over it they will stop her buying. If she pays—for instance, the first month if she pays one-twelfth of that hundred dollars they may buy that again. If she doesn't pay that one-twelfth, she can't buy until the \$100 is down. She can only buy up to that \$100 limit.

Mr. HALPERN. May I go back to Dr. Wooley?

Mr. WIDNALL. Will the gentleman yield? I would like to ask Mr. Cianca a question.

My son and my son-in-law, who live in two entirely different places, have told me about their experiences with Sears, Roebuck in trying to establish a normal credit account—not a revolving fund account. On two different occasions they made applications for such an account and they never received approval of such an account. One purchased some furniture, with the understanding that he was to pay within 30 days. He was billed and the bill included interest. A revolving fund account was established—not at his behest, but set up by the store. My son-in-law had exactly the same experience when