

Mr. BARBER. Not entirely. We believe as far as the criminal aspects are concerned that the penalty should be at, at least at the outset should be a fine rather than imprisonment and we believe——

Mr. STEPHENS. In both bills?

Mr. BARBER. Yes, and the offense should be repeated and knowingly and willful and that goes right along with the bill on page 19 in which it says "however, any creditor who willfully and knowingly uses such tables and charts in such a manner as to consistently understate the annual percentage rate."

So, we have no objection to penalizing the consistent violator. We do object to penalizing an isolated infraction and we object to being guilty until proven innocent—to assuming that the lender is, in fact, dishonest. Because we think our lenders are basically not dishonest and that any infractions that have been made really have not come from the banking segment of the industry.

We think we are clean and we have not gouged the public and we are doing a good job of disclosing. We don't want to be burdened with a tremendous amount of additional administrative work that isn't going to be really worth while.

Mrs. SULLIVAN. Gentlemen, I have several questions I would like to read into the record that I think you and your counsel, Mr. Barber, could answer when you get your transcript and the same with you, Mr. Greathouse. We are running against time. I didn't think Mr. Stephens and I could keep this going so long this morning, but we have.

I have several questions for you, Mr. Barber. The first one is this: You say that the requirements of stating an annual percentage rate—assuming the bill were to take effect July 1, 1968—doesn't give the Federal Reserve Board adequate time to prepare regulations, tables, and so forth. However, Mr. Barber, are you aware of the fact that the Massachusetts truth-in-lending law went into effect 90 days after it was signed by the Governor of the State?

Massachusetts officials were here before the committee last Monday and they indicated that 90 days gave them plenty of time to prepare the necessary regulations and charts. July 1, 1968, is more than 300 days away. Don't you think that, if we enacted this law within the next 2 months, that the Federal Reserve Board would have ample time to issue regulations, prepare charts, and so forth?

(The reply of Mr. Barber follows:)

We feel that actually it would be most difficult to have this law take effect by July 1, 1968. The Federal Reserve Board is not familiar with this and has not had the opportunity to study in depth the entire area of interest rate disclosure. It is our opinion that they will surely desire and should be afforded ample time in which to develop the regulations. This could well require hearings as well as extensive research and study. We think that a flexible effective date should be permitted in order that the Fed itself could determine when it was ready which in no event would be later than January 1, 1972.

Mrs. SULLIVAN. Next, Mr. Barber, you stated that credit life insurance is not a charge for lending money. However, isn't it true that banks extend loans, telling the individual what his payments are in