

Court Judgment. *Second:* It adds to the present 50% exemption after the judgment to provide 50% or \$70 whichever is greater. The reason for the proposed changes and exhibits that dramatize the problems are as follows:

I. *No Attachment of Wages Before Judgment:* This aspect of AB 457 attempts to ease some of the problems that have caused California¹ to be the Bankruptcy Capitol of the World. California in 1965 had 25,580 employee bankruptcies close to twice as many as the next highest state.

The correlation between harsh garnishment laws and bankruptcy results from the reaction the employer must have to volumes of garnishment.

Many employers follow a rule of discharging an employee after one, two or three garnishments. The processing of the garnishment can cost the employer as much as \$7.50 to process.

The threat of discharge from employment in the case of wage garnishment has caused many collection agencies to use the threat of garnishment to extract payment of debts whether owed or not or whether there may be a valid defense. Attached are examples of letters² used to coerce payment.

Employees of State, County, City or governmental entities already enjoy this protection and their ability to obtain credit has not been hampered.

A summary of the disposition of 480 cases in Los Angeles Municipal Court shows 98% were contract actions³ and 57% were accompanied by Writs of Attachment for wages.

II. The second aspect of this bill is to provide \$70 per week for a family exempt from garnishment without the necessity of going through a complex exemption procedure.

Attached is a table⁴ to show how much a person earning \$100 per week has exempt under various laws. This portion of the bill allows a minimum amount for use by the family of the debtor.

This bill is supported by: Beneficial Management Corp., State Bar of California, Attorney General, UAW, Calif. Teamsters Legislative Counsel, United Steelworkers of America and Fireside Thrift.

BANKRUPTCY BILL BATTLE—WAGE GARNISHMENT CURB URGED TO EASE HARDSHIP

(By Leonard Greenwood)

California legislators today are scheduled to consider a bill designed to take some of the pressure off persons on the verge of bankruptcy.

The bill would bar garnishment of a worker's earnings until the creditor had obtained a court judgment. And even then, the worker would be allowed to keep at least the first \$70 earned a week.

At present, 50% of a person's salary, with no minimum limit, may be garnished before a court judgment simply by obtaining a writ of attachment from the clerk of the Municipal or Superior Court.

Sponsors believe the bill would ease cases of extreme hardship and cut the bankruptcy rate in California . . . known as the bankruptcy capital of the world.

But it faces tough opposition as a result of intensive lobbying by some businessmen, loan firms and collection agencies.

ONE-VOTE MARGIN IN ASSEMBLY

The bill, sponsored by Yvonne Brathwaite, Democratic Assemblywoman for the 63rd District (Southwest Los Angeles), scraped through the Assembly June 13 by one vote.

Today it is scheduled to go before the Senate Committee on Finance and Insurance.

The bill would amend four sections of the Code of Civil Procedure relating to the attachment of earnings.

¹ U.S. Department of Labor, Bureau of Labor Standards fact sheet of wage garnishment, p. 3.

² National Finance, Arc Loan, Northern Calif. Division Office.

³ Summary of Actions filed.

⁴ Table.