

there is no reason why we should continue to protect merchants whose lack of concern for their customers' welfare is manifest in their extending credit to people who can not afford credit and in their requiring multiple signatures on contracts as security.

The second reform I would like to see included in consumer protection legislation is the proscription of deficiency judgments after a repossession. An interview in *The Poor Pay More*, a book on consumer fraud by David Caplovitz, gives an excellent example of this abuse:

"The first thing (my husband) bought on time was a car in a used car lot. The original price of the car was \$500, the downpayment \$10. He had the car about two months and had paid about \$80. Then he missed payments for about three weeks and the car was towed away without notice. Payments had been made to a discount company which was handling credit. I telephoned the company, and they told me that if I sent \$50 they'd return the car. I did, and then received a notice in the mail saying the car was going to be auctioned. They kept the \$50 and said nothing about it. My husband didn't go to the auction since he couldn't have bought the car back anyway. Then we received a notice saying the car was sold for \$35.

"The company told us we owed \$800 in all on the car that cost \$500, because of interest and legal fees." (pp. 165-166)

In this case the husband still owes \$800 less the \$90 that he paid and the \$35 auction price, even though he does not have the car! The fact that the car was taken away from the family makes no legal difference; \$675 is still owed. The lady is giving this interview end by saying:

"I went to Legal Aid which said nothing could be done. Since my husband was out of work, they garnished my brother-in-law's salary." (pp. 165-166)

"Nothing could be done," and these low income consumers were forced to pay for a car that they did not have. Consumer abuse of this kind must be ended. Prohibition of deficiency judgments after repossession would protect consumers against having to pay for merchandise that has been legally taken from them. If consumers are forced to continue to pay for goods they have bought, they should be entitled to keep those goods.

The final consumer protection reform that I would like to propose for your consideration is the removal of the ten day period or any period provided by state law after the notice of assignment, in which the consumer must make all his claims for defects in merchandise against the seller. This practice is most heinous because it disarms the installment buyer of his most effective weapon against poor service or shoddy merchandise—refusal to pay!

The usual procedure in low income neighborhoods is for a merchant to sell goods to the consumer under an installment contract and then to sell the installment contract to a company that specializes in payment collection. The consumer has only ten days to object to the sale of his installment contract. Usually there are no apparent defects in the merchandise for the first ten days. If the customer does complain during that time he is stalled and not told of the necessity to object to the assignment of his contract in writing. After the assignment is complete defects may begin to appear. Fabrics begin to shred at the seams. Heat dries out the glue that held the furniture together—couches and tables fall apart. The customer returns to the store to complain. There he is told that his contract has been assigned to a credit company and the store no longer has any responsibility for it. Next the consumer contacts the credit company, usually located quite far from the neighborhood store. The credit company tells him that they are a collection agency only and the quality of the goods is the responsibility of the store. The confused consumer has no place to turn. He can not stop his payments, because the credit company will get a judgment and wage garnishment against him; and all complaints to the merchant fall on deaf ears.

The frequency of the repetition of this fact-pattern is astounding. Consumers must be better protected in a world in which knowledgeable merchants face unexperienced buyers. In order to right this situation, we must pass legislation to allow the consumer to bring a claim against the seller within a *reasonable* time after the sale or to allow the consumer to hold the credit company responsible for the merchantability of the goods.

It is important for use to have legislation that will encompass all of these reforms: the prohibition of garnishments of wages, the limitation of the number of co-signers to an installment contract, the prohibition of deficiency judgments after repossession of goods bought on an installment contract, and the removal of