

AFTERNOON SESSION

The CHAIRMAN. The hearing will resume.

As our first witness this afternoon we have Mr. William Taylor, Local 1199, Drug and Hospital Employees Union, of which he is Vice President.

Mr. Taylor has brought with him a group from the union, employees who have had problems in the area of consumer credit and its abuses, and I would like to have you proceed, Mr. Taylor.

Mr. Halpern will be back with us in a moment.

If you will take the stand there, and perhaps then if you will introduce the group that you have with you.

We are very grateful to you for coming down and bringing this group of experts in the real thing.

STATEMENT BY WILLIAM J. TAYLOR, FIRST VICE-PRESIDENT, LOCAL 1199, DRUG AND HOSPITAL EMPLOYEES UNION, RWDSU, AFL-CIO ACCOMPANIED BY OTHER WITNESSES

Mr. WILLIAM J. TAYLOR. Thank you very much, Mr. Chairman.

My name is William J. Taylor, I am the First Vice President of Local 1199, Drug and Hospital Employees Union.

Our union represents 28,000 hospital workers and 6,000 retail drug employees in the New York area. Approximately 70 percent of our total membership are Negro and Puerto Rican workers and the overwhelming majority of them are compelled to live in the ghettos of Harlem, Bedford-Stuyvesant and the East Bronx.

Our day to day experiences with our Members in trying to assist them with their various problems has convinced us that one factor which contributed to this summer's ghetto uprising is the exploitation of the minority groups by unscrupulous merchants. Our experience shows that the typical ghetto dweller pays more for rent, services and goods than any other group in our city. What compounds this evil is the fact that in exchange for the excessive prices which he is compelled to pay, he is obliged to live in a slum dwelling, receives inferior services and the quality of merchandise available to him is usually second rate. One of the greatest evils practiced by the unscrupulous merchants who exploit the minority groups is the "legalized credit racket". Under this system workers are encouraged to purchase shoddy and inferior merchandise at excessive prices. They are persuaded by the fast talking pitchmen to assume obligations far beyond their capacity. The over-riding sales pitch is always "buy now and pay later". They are then saddled with excessive interest charges, insurance premiums, a variety of so-called service charges and other legalized gimmicks which further inflates the cost of their purchases.

Since the sales contracts are usually held by a credit company which is a separate legal entity from the company that sold the merchandise, they seldom have recourse when a mechanical appliance breaks down or a television set stops functioning. In the event they default on a payment they then become victims of the widespread practice of "sewer service" and unknown to them a judgment is then entered and their wages are garnisheed. At this point the Marshall levies another 6% in interest, the credit company adds another 15% or 20% for legal fees and the original purchase price, which was excessive to begin with, has now usually tripled.

An example of this will be testified to by Mr. Anderson, a member of our Union. He purchased a freezer and food plan for some \$950.00 which Attorney-General Louis Lefkowitz's Staff appraised at \$400.00. After paying \$501.00 he found it necessary to refinance his contract and he is now defending himself against a judgment of over \$1,000.

Several other members of our Union are also present and prepared to testify to similar experiences in connection with purchases of furniture, appliances and burglar alarms.

On behalf of the members of our Union, we welcome this hearing and the opportunity to testify. We would urge the Congress and the State Legislature to correct these vicious practices by enacting the Bill now under consideration. We also believe that legislation should be enacted to eliminate wage garnishees; that the maximum interest rate should be limited by law to a reasonable amount; that the legal procedure to set aside a judgment obtained after "sewer service" should be simplified and that use of the entire legal apparatus i.e., the Courts and the Marshalls, should be denied to these unscrupulous operators who victimize those members of our society who are least able to defend themselves.