

The CHAIRMAN. Mr. Watts, I personally, speaking for myself, am very considerably sympathetic with the problem you are confronted with respect to the State Usury Laws, and I feel there is a need for some delay in the requirement in the State in terms of percentages, where there may be a problem.

If you are truly speaking of dollars per hundred, that is not necessarily misleading. If you are talking in terms of dollars discount rate per one hundred percent, that may be something else again.

Mr. WATTS. Dollars per hundred per annum. Frankly, I think that the monthly approach is a very misleading approach, that is to say one or one and a half percent per month.

You have heard people here today that couldn't understand, "One and a half percent, that is a bargain," when actually it is 18 percent.

The CHAIRMAN. Right.

Mr. WATTS. We are very sincere about this thing. We realize that there are charlatans, but we don't want to be washed down the drain because there must be some way to overcome some of these dreadful things that we are confronted with.

This is out of the area of Truth in Lending, pardon the phrase.

The CHAIRMAN. I would also like to say that I think you will find among the sponsors of H.R. 11601 sympathy with your position, that there should be one rule for all and not a discriminatory arrangement.

Mr. WATTS. One way or the other, we think that our revolving credit should be treated the same way.

The CHAIRMAN. Congressman Halpern?

Congressman HALPERN. Thank you.

First I want to welcome our witness and thank him for his very helpful testimony.

You do a most credible job in representing New York State's bankers and your comments are well taken, and I am sure they will be very helpful in our deliberation.

I gather from your answer to Congressman Bingham's question that you favor the advertising coverage in H.R. 11601?

Mr. WATTS. Yes. That is, I would have to see the legislation first.

Congressman HALPERN. But in principle?

Mr. WATTS. Yes.

Congressman HALPERN. Do you think it is objectionable to represent all transactions where charges are \$10 or less?

The Senate bill excepts such charges.

Mr. WATTS. I think it will make it simpler in New York State where there is a \$10 minimum charge today.

This might present some difficulties. I am not a lawyer.

Congressman HALPERN. Isn't it possible if there is such an exception that it could be taken advantage of?

For example, a person could make several different credit purchases at one source. Isn't it possible that each purchase could be considered a separate transaction and hence the finance charges could then be many times the \$10, and yet they are exempt from the law?

Wouldn't it be simpler to have all credit transactions included?

Mr. WATTS. Here is where you are dealing with the unscrupulous and it is a tough job to beat them at their own game.

Perhaps if the bill provided all extensions of credit through some persons to differentiate between one as against another one and tomorrow another one and the next day another one all consolidated.

Of course this is a little out of my field.

Congressman HALPERN. As far as you are concerned, you would like to see as much protection as possible for all credit, and if we can find the machinery to do it, by excluding that provision, we would like to do that.

Mr. WATTS. Well, from a technical standpoint this would provide a problem and abuses.

Congressman HALPERN. Why do you prefer a statement of dollars per hundred per annum, since from an annual rate, since the percentage rate—

Mr. WATTS. \$6.00 per hundred per annum is on a simple interest rate, it is closer to 12 percent.

You see, the trouble is even our good Assemblyman who gave the example on the push button figuring, actually what he was doing was demonstrating the difficulty in converting this into simple man's interest rates.