

law; that business would flee the state, etc., etc. But the fact is that over the years the economy of this state has prospered and increased.

The growth of the finance industry into the retail business has been so great and many of its methods so unfair that there is a need for federal regulations and supervision. These companies as well as the retail industry are not simple individual entities, but are the creatures of large holding companies, having national and even international significance, and thus controllable only by the federal government.

The CHAIRMAN. Thank you very much, Miss Harris. We are grateful for that statement and I think you bring to this problem a point of view that we haven't had presented here today.

I think your reference to the prohibition of garnishment in the case of compensation payments is very apt and most useful to us.

Congressman HALPERN. I have no questions, but I would like to commend Miss Harris for her most perceptive and very enlightening testimony. It is based on many years of experience with the public and in particular with the consumer, and I wish to commend her and compliment her for her help to this Committee.

Miss HARRIS. Thank you very much. I'm very glad to see both of you gentlemen on this Committee, since I know Congressman Halpern, being from Queens, and also Congressman Bingham.

The CHAIRMAN. I think we discussed compensation matters.

Miss HARRIS. That's right.

The CHAIRMAN. Our next witness is Mr. Edward Panarello, Representative of District 20 of the Retail Clerks Union.

We are very happy to have you with us, Mr. Panarello.

STATEMENT OF EDWARD PANARELLO, RETAIL CLERKS UNION

Mr. EDWARD PANARELLO. I am very happy to be here, Representatives Bingham and Halpern.

We know your reputations and we echo what Miss Harris said. I am sure some results will come out of this hearing.

My colleague, Mike Sampson, gave some good testimony with regard to our community service programs, as far as the New York Central Labor Council is concerned. There is no question about it, that under his direct supervision that these classes are held regularly for a number of years, but our sort of work becomes tied up in a sense that all that we try to expound about helping people, we have certain things that we are confronted with and that is the operation of retailing or the operation of lending money and what the consumer is subjected to.

Despite all the efforts that we put into trying to educate our members, we find that we are up against a wall. There is no question about it. I think this is the American way, because when I was given a synopsis of the law, I see the title here, "Consumer Credit Protection Acts," and I think that the good Representatives here realize that fully knowing their record, that we want to protect the consumer.

I originally came out of retail and I know some of the cases of exorbitant credit charges and the revolving way of charging credit charges to the extent where a consumer might reduce a bill down to a \$10 balance and buy some additional merchandise and find that when he or she becomes delinquent in payments, not only is the last purchase repossessed, but the first purchase with a \$10 balance.

After a recovery we find that a deficiency judgment is obtained and they are not only paying some more interest charges, but they have no merchandise in their home and they are paying on what they call a deficiency balance.

I had the sad experience of working in the credit department and witnessing all these charges that were put on to customers' bills. I think there should be exposure as to how much is charged through interest within the area of limitations, within the State or Federal regulations.

There is also something related that I would like to call your attention to. We have a situation whereby a person—and we had one specific case where a member who subscribed to magazines, five or six magazines, with payments of \$11 a month, decided after the subscription application was signed not to continue to receive the magazines. This man was told by the agent, "You cannot cancel. You are just stuck with the bill." No payments were made.

Subsequently, a garnishee order was placed on his wages. He owes approximately \$200, paying \$8.00 a week. He makes \$80 a week, has a wife and several children. He has no magazines, and he owes close to \$200 with the charges, Sheriff's fees, judgment fees, and I say this respectfully, attorney's fees.