

When a person comes to a credit union, they are required to make a budget. They set up what their income is, what their rent is, what their food is, their laundry, their insurance, and if the wife or anyone else in the family has a job, that also goes there, too.

Now, if the credit committee, and they are the sole judges of whether a person should have a loan—And I want to say this to you, gentlemen, in this union over here with over 52,000 members, a great deal more than 50 percent of them are colored, and I'll say one thing right now, they make their payments just the same as the others, and many of them have the maximum shares.

You see, when you get people and encourage them to save money, even if it's only \$5.00 a month, if you can get them to do it, you have got a marvelous credit union.

The two purposes of the credit union is to create that thrift. That's primary and you mustn't forget the membership is limited strictly to a common relationship with the employer or association or a parish or a lodge or a city or county.

For instance, over in Queens you've got some beautiful credit unions over there, and one of the greatest friends we ever had in Albany is the fellow who is now the District Attorney.

Now, getting back to the question as to not permitting over-borrowing, this is the problem. Nobody, I don't care who it is, can borrow a nickel from this credit union or others unless we can clear off all of their debts. I didn't get back to tell you the story about at the time in 1939 there was 75,000 garnishees on file in the Comptroller's office in the State of New York.

Congressman HALPERN. How many?

Mr. RUBEL. 75,000.

Congressman HALPERN. How many employees?

Mr. RUBEL. 200,000. That didn't mean individuals. Some had ten, fifteen, twenty garnishees, so when Mr. Valentine, the Commissioner of Police, fired these policemen, I went to Bill Reardon and I said, "Bill, this won't do. We have got a good credit union here. We have got a law, Section 86(a) of the General Municipal Law, which permits the assignment of unearned wages if approved by the head of the Department, Board, Commission where he is employed."

He said, "Why don't you go over and see Commissioner Valentine?"

I went over to see him and took with me a statutory procedure for carrying out this and he designated the First Deputy to approve of all this. So we put an advertisement in the Leader and the Chief that we would consolidate all of the debts of Municipal employees if they came in with a complete story.

So, when we got finished with it, there were 30,000 garnishees on file and none by the Municipal Credit Union. Yes, we filed them, but not too many, but we are very happy with the fact that our credit committee, if they find that a person wants to borrow more than they can afford to pay back—and under our employee laws we have no limitation. We are not limited to 36 months. We make a loan big enough, say, \$3,500, and allow them 50 months to pay it back, or 60 months, because they only paid interest on the unpaid balance. If they die before they are 70, the loan is completely cancelled. If they become disabled before they are 60, the loan is completely cancelled.

Now, does that answer you in respect to how we can keep them from over-extending themselves?

Many times we will consolidate all their debts and pay them and the credit committee will have them sign an affidavit. The affidavit says, "John Smith being duly sworn, deposes and says that in further consideration for the giving of a loan to myself in the sum of \$3,500, I will not create any other debt by loan, charge account or otherwise, except in a serious emergency, in which event I will come back to the Credit Union and have them try to solve my problem."

Now, if a person got a loan of a thousand dollars and he ran into a serious emergency tomorrow, he is taught, we educated, to come back tomorrow. Usually a man must pay up half his loan before he can come back to borrow more, but he had tuition or things like that that people have to pay.

Congressman HALPERN. Would you oppose or favor a Federal garnishment provision in this bill which was limited, as the New York State law is, to only 10 percent?

Mr. RUBEL. Limited to what?